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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
1155 MARKET ST., 4TH FLOOR, SAN FRANCISCO, CA 94103 • TEL. (415) 554-3155 • FAX (415) 554-3161



WILLIE L. BROWN, JR.
MAYOR

ANN MOLLER CAEN
PRESIDENT
E. DENNIS NORMANDY
VICE PRESIDENT
ASHOK KUMAR BHATT
JEFFREY CHEN
ROBERT J. COSTELLO

PATRICIA E. MARTEL
GENERAL MANAGER

NOTICE OF CANCELLATION

The Regular Meeting of the San Francisco Public Utilities Commission scheduled for Tuesday, September 10, 2002 has been cancelled. It has been rescheduled for Thursday, September 12, 2002, at 10 a.m.

Mary Y. Jung
Secretary

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

SPECIAL MEETING

Thursday, September 12, 2002

10:00 A.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

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City Distribution Division
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Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



Disability Access

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ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of June 11, 2002 Regular Meeting
 - b) Minutes of August 27, 2002 Regular Meeting
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) Residential Users Appeals Board (RUAB) Report
 - b) Legislative Update
8. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
- a) Staff Recommendation: Approve the plans and specifications for Contract No. HH-871, San Joaquin Pipeline No. 1 – Replace Mortar Lining, and authorize the Utilities Engineering Bureau Manager to advertise for bids.
 - b) Staff Recommendation: Award Contract No. CW-304, 11th / 18th / 22nd Avenues Sewer Replacement in the amount of \$698,730 to Harty Pipelines, Inc.
 - c) Staff Recommendation: Award Contract No. WD-2328, Main and Spear Streets 8-Inch Ductile Iron Main Installation in the amount of \$810,100 to Shaw Pipeline.
 - d) Staff Recommendation: Accept work performed for Contract No. CW-273, Greenwich Street Sewer Rehabilitation and Replacement, approve Modification No. 2 (Final) decreasing the contract by \$34,413.00 for a final contract amount of \$512,695.46, and with a time extension of 5 consecutive calendar days for a total contract duration of 96 consecutive calendar days; and authorize final payment of \$25,634.77 to JMB Construction, Inc.
 - e) Staff Recommendation: Accept work performed for Contract No. CW-286, 2nd / 7th Avenues Sewer Replacement, approve Modification No. 1 (Final) increasing the contract by \$30,634.78 for a final contract amount of \$311,584.78, and with a time extension of 6 consecutive calendar days for a total contract duration of 76 consecutive calendar days; and authorize final payment of \$58,731.58 to Harty Pipelines, Inc.

REGULAR BUSINESS

10. Discussion and possible action related to United States Environmental Protection Agency grants. (Lundgren)

Staff Recommendation: Authorize the General Manager of Public Utilities to request permission from the Board of Supervisors to apply for, accept and expend two (2) \$115,000 grants from the United States Environmental Protection Agency for the development of Security Vulnerability Assessment, Security Emergency Operations Plan and the Identification of the Enhanced Security Measures for the SFPUC San Francisco and Regional water systems.

11. Discussion and possible action related to Proposition 50. (Arena)

Staff Recommendation: Approve resolution requesting the Board of Supervisors to support Proposition 50, the Clean Water and Coastal Protection Bond of 2002, which will appear on the November 2002 statewide ballot.

LEASES AND PERMITS

12. Discussion and possible action related to a lease with MetroPCS. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a lease with MetroPCS California / Florida, Inc. to use approximately two hundred (200) square feet of SFPUC land and to place four antennas, at 6650 Golf Course Road, Burlingame, CA to install a cellular communications site.

13. Discussion and possible action related to a lease with Pac Bell (Cingular) Wireless. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a lease with Pac Bell (Cingular) Wireless, Inc. to use approximately 200 square feet on the third floor and to place up to six antennas on the rooftop of the Dryer Building, No. 800, at 1701 Jerrold Avenue, at the Southeast Treatment Plant in San Francisco, CA to install a cellular communications site.

PROFESSIONAL SERVICE CONTRACTS

Award

14. Discussion and possible action related to Agreement No. CS-672 D. (Carlin)

Staff Recommendation: Authorize the General Manager of Public Utilities to negotiate and execute Agreement No. CS-672 D, Recycled Water Master Plan Update and Environmental Review (the Project) to ESA/Orion. The services under this agreement shall be provided for a total budgeted amount not to exceed \$490,000 for a term of eleven (11) months from the date of Controller certification.

CLOSED SESSION

15. Public comments on matters to be discussed in Closed Session.
16. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

17. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c):
(Mueller)

Anticipated Litigation: As Plaintiff.
Regarding long-term power purchase contracts.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

21. Announcement following Closed Session.
22. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

September 12, 2002
10:00 A.M.
City Hall, Room 400
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Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 10:14 A.M.
2. Roll Call: Present – Vice President E. Dennis Normandy, Commissioner Ashok K. Bhatt, Commissioner Jeffrey A. Chen, Commissioner Robert J. Costello

Excused - President Ann Moller Caen

3. Approval of Minutes

Moved by Commissioner Chen, seconded by Commissioner Costello, to adopt the Minutes of the June 11, 2002 Regular Meeting, and August 27, 2002 Regular Meeting; passed (4-0) unanimously.

4. Communications

No action was taken.

5. Old/Ongoing Business by Commissioners

There was no discussion.

6. Introduction of New Business by Commissioners

There was no new business introduced.

7. Report of the General Manager

Mr. Ed Smeloff, Assistant General Manager of Power Policy, Planning and Resource Development, sat in for Patricia E. Martel, General Manager of Public Utilities, who was meeting with the *San Francisco Examiner*.

a) Residential Users Appeals Board (RUAB) Report

Ms. Marge Vizcarra, Manager of Customer Service Bureau (CSB), thanked the Commission for the opportunity to report on the issues of the Sewer Service Charges (SSC) appeals process and provided a written report.

Since the CSB took over the responsibility of RUAB from the Bureau of Environmental Regulatory Management in December 1996, the RUAB members have been dissatisfied. Ms. Vizcarra stated there are underlying issues that resulted in the recent issues raised by the board members. She reported on the

fundamental issues of the Public Works Code entitled "Sewer Service Charges Ordinance."

The ordinance provides a process for residential users to determine their flow factor, which is the percentage of wastewater discharged into the sewer system. The ordinance's purpose is to determine the correctness of the sewer service flow factor to determine SSC. If a customer disputes their charge, they appeal to the department. If they do not agree with the department's determination, the customer may appeal to the RUAB. The ordinance does not contain any standards and criteria for defining the correctness of the determination. Because of the lack of rules, there have been disagreements between RUAB and SFPUC staff regarding the methods used. RUAB's role in administering the SSC needs to be clarified.

Ms. Vizcarra's report provided a proposed two-part solution. 1) Define RUAB Roles and Procedures: This process would involve a committee of SFPUC staff and City Attorney staff for the purpose of drafting policies and procedures to be reviewed with RUAB members. The policies would be consistent with the current Public Works Code and define the respective responsibilities of staff, the board and its members. Recommendations will be presented to the Commission in January 2003. 2) Overhaul SSC Code and Administration: The Commission recently approved conducting a study of water rates and SSC to be completed early 2003. The study may provide a unique opportunity to review the SSC and make improvements.

Ms. Vizcarra stated the proposed solution should help provide improvement in relations between RUAB and SFPUC staff. Ms. Vizcarra stated her staff and she are committed to working diligently in resolving this matter and availed herself for questions.

Commissioner Chen stated he understood from the last meeting that the major complaint brought forth by the RUAB member was in regard to communication issues with SFPUC staff to the RUAB board.

Commissioner Costello stated remembering comment about SFPUC staff not showing up to RUAB meetings.

Ms. Vizcarra responded that those issues have for the most part been resolved and a separate report is coming to the Commission addressing the issues raised by the board member at the last SFPUC meeting.

Vice President Normandy stated the RUAB serves an important function to the Commission by providing objective citizen oversight to rate-payer disputes in which satisfaction has not been received from staff. The volunteer RUAB members deserve full respect, cooperation and appreciation from the Commission. Vice President Normandy expressed concern that the Commission would be remiss in their duties if they did not have Ms. Vizcarra respond to the specific issues raised

in open session at the last Commission meeting. He stated the report was excellent, but that it was bureaucratic and did not address the issues raised by the RUAB member. Vice President Normandy stated the report skirted the RUAB member's issues by using the overhaul of the rate structure as a bigger issue. Though the report covered areas that need to be addressed—the undefined process and looking at a new rate structure—it did not address the issues of staff being unprepared and unwilling to provide proper data, slowness of response, and absenteeism. Vice President Normandy asked Ms. Vizcarra to address those matters raised by the individual and collective members of the RUAB.

Ms. Vizcarra admitted her absences at hearings and that it was a valid complaint. She stated the absences were unavoidable due to other urgent business. She added that senior staff represents her in her absence and her absences have no negative impact. Mr. Medbury attends the hearings and a capable and knowledgeable executive secretary directly supervises the SSC appeals process and provides assistance to the board. She stated there was one appellant who attended a hearing on the wrong day due to a clerical error. This was a first- and one-time instance since December 1996. Staff handled it well by getting the information to the board members, the appellant's appeal was heard, a decision was made, and the customer was not impacted. As for slowness of response, she stated she only had one pending correspondence from Mr. Buckley requesting consideration of making changes on the questionnaire. She stated she had intended to respond to Mr. Buckley at a RUAB hearing, but it was one of the meetings for which she was absent because of other urgent matters. The request has been considered.

Vice President Normandy stated he thought Ms. Vizcarra should have a fair chance to present her side of the issue in public as criticism was publicly leveled on her and her department. However, he perceived the situation has not been righted and there are two things which need to be addressed. 1) Short-term solution: The relationship between SFPUC staff, Ms. Vizcarra and the individual and collective RUAB members needs to be tightened up as the complaints have been consistent for many years. 2) Long-term solution: Take action on the proposed solution in Ms. Vizcarra's report presented today. Vice President Normandy called for comments.

Commissioner Bhatt stated he perceived there were human errors in the situation. He stated in the public arena there is always criticism and it would be good in problem solving to work toward minimizing the criticism.

Ms. Vizcarra thanked the Commissioners and stated CSB will make great efforts to better the communications and relationship between the RUAB board and staff, be more responsive to their needs and address their issues.

Vice President Normandy thanked Ms. Vizcarra. *He requested through the General Manager's representative that Ms. Vizcarra return in a month's time to provide a*

status report on the short-term requirement and progress made on the long-term requirements.

b) Legislative Update

Ms. Suzanne Arena, Manager for Government Affairs, reported that Ms. Martel had given an update on the three regional water bills that were being considered by the Legislature at the last Commission meeting. At that time, the three bills were under final consideration by the two Houses. By August 30th, the two Houses approved all three bills—AB 1823, AB 2058 and SB 1870. At this time, the Governor is considering the bills and has until September 30 to sign or veto them.

Vice President Normandy thanked Ms. Arena for all of her work and for providing the Commissioners with excellent materials.

Ms. Arena stated there would be a full legislative update at the next Commission meeting.

8. Public Comments on matters not on today's agenda.

There were none.

CONSENT CALENDAR

9. Moved by Commissioner Bhatt, seconded by Commissioner Chen, to adopt the items a-e listed under the Consent Calendar; passed (4-0) unanimously.

- a) Resolution No. 02-0181: Approve the plans and specifications for Contract No. HH-871, San Joaquin Pipeline No. 1 – Replace Mortar Lining, and authorize the Utilities Engineering Bureau Manager to advertise for bids.
- b) Resolution No. 02-0182: Award Contract No. CW-304, 11th / 18th / 22nd Avenues Sewer Replacement in the amount of \$698,730 to Harty Pipelines, Inc.
- c) Resolution No. 02-0183: Award Contract No. WD-2328, Main and Spear Streets 8-Inch Ductile Iron Main Installation in the amount of \$810,100 to Shaw Pipeline.
- d) Resolution No. 02-0184: Accept work performed for Contract No. CW-273, Greenwich Street Sewer Rehabilitation and Replacement, approve Modification No. 2 (Final) decreasing the contract by \$34,413.00 for a final

contract amount of \$512,695.46, and with a time extension of 5 consecutive calendar days for a total contract duration of 96 consecutive calendar days; and authorize final payment of \$25,634.77 to JMB Construction, Inc.

- e) Resolution No. 02-0185: Accept work performed for Contract No. CW-286, 2nd / 7th Avenues Sewer Replacement, approve Modification No. 1 (Final) increasing the contract by \$30,634.78 for a final contract amount of \$311,584.78, and with a time extension of 6 consecutive calendar days for a total contract duration of 76 consecutive calendar days; and authorize final payment of \$58,731.58 to Harty Pipelines, Inc.

REGULAR CALENDAR

10. Discussion and possible action related to United States Environmental Protection Agency grants.

Moved by Commissioner Bhatt, seconded by Commissioner Costello to adopt the following resolution; passed (4-0) unanimously.

- Resolution No. 02-0186: Authorize the General Manager of Public Utilities to request permission from the Board of Supervisors to apply for, accept and expend two (2) \$115,000 grants from the United States Environmental Protection Agency for the development of Security Vulnerability Assessment, Security Emergency Operations Plan and the Identification of the Enhanced Security Measures for the SFPUC San Francisco and Regional water systems.

11. Discussion and possible action related to Proposition 50.

Moved by Commissioner Bhatt, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously.

- Resolution No. 02-0187: Approve resolution requesting the Board of Supervisors to support Proposition 50, the Clean Water and Coastal Protection Bond of 2002, which will appear on the November 2002 statewide ballot.

LEASES AND PERMITS

12. Discussion and possible action related to a lease with MetroPCS.

Moved by Commissioner Costello, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0188: Authorize the General Manager of Public Utilities to execute a lease with MetroPCS California / Florida, Inc. to use approximately two hundred (200) square feet of SFPUC land and to place four antennas, at 6650 Golf Course Road, Burlingame, CA to install a cellular communications site.

13. Discussion and possible action related to a lease with Pac Bell (Cingular) Wireless.

Moved by Commissioner Costello, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0189: Authorize the General Manager of Public Utilities to execute a lease with Pac Bell (Cingular) Wireless, Inc. to use approximately 200 square feet on the third floor and to place up to six antennas on the rooftop of the Dryer Building, No. 800, at 1701 Jerrold Avenue, at the Southeast Treatment Plant in San Francisco, CA to install a cellular communications site.

PROFESSIONAL SERVICE CONTRACTS

Award

14. Discussion and possible action related to Agreement No. CS-672 D.

Moved by Commissioner Bhatt, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0190: Authorize the General Manager of Public Utilities to negotiate and execute Agreement No. CS-672 D, Recycled Water Master Plan Update and Environmental Review (the Project) to ESA/Orion. The services under this agreement shall be provided for a total budgeted amount not to exceed \$490,000 for a term of eleven (11) months from the date of Controller certification.

CLOSED SESSION

15. Public comments on matters to be discussed in Closed Session.

There were none.

16. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Bhatt, seconded by Commissioner Chen, to assert the attorney-client privilege; passed (4-0) unanimously.

Vice President Normandy called for a 5-minute recess before Closed Session at 10:39 A.M.

The Public Utilities Commission met in Closed Session at 10:52 A.M. to discuss the following matters:

17. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

Present were Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, Assistant General Manager of Power Policy Ed Smeloff, Deputy City Attorney John Roddy, Commission Secretary Mary Y. Jung, and Deputy City Attorney Donn Furman.

No action was taken.

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

Present were Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, Assistant General Manager of Power Policy Ed Smeloff, Deputy City Attorney John Roddy, Commission Secretary Mary Y. Jung, and Deputy City Attorney Donn Furman.

No action was taken.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

Nothing was discussed.

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c): (Mueller)

Anticipated Litigation: As Plaintiff.
Regarding long-term power purchase contracts.

Present were Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, Assistant General Manager of Power Policy Ed Smeloff, Deputy City Attorney John Roddy, and Commission Secretary Mary Y. Jung.

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 11:13 A.M.

21. Announcement following Closed Session.

Vice President Normandy announced the actions taken during Closed Session.

22. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Costello, seconded by Commissioner Chen, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

Thereupon, the meeting was adjourned: 11:14 A.M.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

September 24, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
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1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of September 12, 2002 Special Meeting
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) Bay Area Water Users Association Tour (Martel)
 - b) Restore Hetch Hetchy and Environmental Outreach Update (Martel)
 - c) Local and State Legislative Update (Arena)
 - d) Lake Merced Update (Carlin)
8. Bay Area Water Users Association (BAWUA) General Manager's Report (Jensen)
9. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
- a) Staff Recommendation: Accept work performed for Contract No. WD-2242R, Thomas Shaft Chlorination Facility Improvement, approve Modification No. 3 (Final) decreasing the contract by \$512,691, for a final contract amount of \$4,026,705, and authorize final payment of \$202,232.85 to Homer J. Olsen, Inc.
 - b) Staff Recommendation: Accept work performed for Contract No. WD-2319, 18th, Lapidge, Dorland Streets 6 & 8-Inch Ductile Iron Main Installation, approve Modification No. 1 (Final) decreasing the contract by \$137,677, for a final contract amount of \$940,477, and authorize final payment of \$16,000 to J. Flores Construction Company, Inc.
 - c) Staff Recommendation: Approve resolution recognizing the work and contributions of Lawrence T. Klein.

REGULAR BUSINESS

11. Discussion and possible action related to Calpine Energy Services. (Smeloff)

Staff Recommendation: Approve an amendment to the May 7, 2001 power sales agreement between Calpine Energy Services and the City and County of San Francisco. Forward the amended agreement to the Board of Supervisors with a recommendation to approve the contract change.

12. Discussion and possible action related to capital project close out and reallocation of funding. (Berry)

Staff Recommendation: Approve the SFPUC policy for capital project close out and the reallocation of remaining project fund balances.
Approve the creation of a Hetchy, Water and Clean Water Project (unallocated capital project) to accumulate unspent balances as projects are closed out and to allow the Capital Project Oversight Committee (CPOC) to reallocate funds to the unallocated capital project accounts.

13. Discussion and possible action related to proposed Thornton Beach and San Francisco Zoo seawater monitoring well sites. (Carlin)

Staff Recommendation: Authorize the General Manager of Public Utilities to negotiate and sign an agreement with the City of Daly City for the acquisition of additional geological and geophysical data at the proposed Thornton Beach and San Francisco Zoo seawater monitoring well sites.

14. Discussion and possible action related to Water Supply Contract with the California Water Service Company. (Carlin)

Staff Recommendation: Authorize the General Manager of Public Utilities to submit to the Board of Supervisors the First Amendment to the Water Supply Contract between the City and County of San Francisco and the California Water Service Company for purposes of conducting an Aquifer Recharge Study.

15. Discussion and possible action related to Water Supply Contract with the City of San Bruno. (Carlin)

Staff Recommendation: Authorize the General Manager of Public Utilities to submit to the Board of Supervisors the First Amendment to the Water Supply Contract between the City and County of San Francisco and the City of San Bruno for purposes of conducting an Aquifer Recharge Study.

CONSTRUCTION CONTRACTS

Award

16. Discussion and possible action related to Contract No. WD-2327. (West)

Staff Recommendation: Award of Contract No. WD-2327, Repairs and Upgrades at Baden Valve Lot and Pump Station, in the amount of \$3,409,417 to ProVen Management, Inc.

Close

17. Discussion and possible action related to Contract No. WD-2220. (West)

Staff Recommendation: Accept work performed for Contract No. WD-2220, Access and Fire Protection Upgrades at HTWTP, SVWTP and SAPS, approve Modification No. 3, increasing the contract by \$11,239.83, for a total contract amount of \$1,189,322.95, and with a time extension of 35 consecutive calendar days for a total contract duration of 185 consecutive calendar days; and authorize final payment of \$101,145.69 to Seto's Construction.

CLOSED SESSION

18. Public comments on matters to be discussed in Closed Session.
19. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District,
San Francisco Superior Court No. 323848.

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State
Water Resources Control Board.

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c):
(Mueller)

Anticipated Litigation: As Plaintiff
Regarding long-term power purchase contracts

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation: Speck Cab dba Veterans Cab vs. City & County of San
Francisco, Claim No. 01-W6066-1

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9 and
Administrative Code Section 67.8. (Clayton)

Existing litigation: G.B. Scientific, Inc. vs. City & County of San Francisco,
SF Superior Court No. 322081

**FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL
RECONVENE IN PUBLIC SESSION.**

26. Announcement following Closed Session.

27. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

September 24, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:33 P.M.
2. Roll Call: Present – President Ann Moller Caen, Commissioner Ashok K. Bhatt, Commissioner Jeffrey A. Chen, Commissioner Robert J. Costello

Excused - Vice President E. Dennis Normandy

The Commission took the agenda out of order to discuss the Closed Session agenda first. The items were heard in the following order: 18, 19, 23, 21, 20, 22, 24, 25, 26, 27.

CLOSED SESSION

18. Public comments on matters to be discussed in Closed Session.

There were none.

19. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Bhatt, seconded by Commissioner Chen, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 1:37 P.M. to discuss the following matters:

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c): (Mueller)

Anticipated Litigation: As Plaintiff
Regarding long-term power purchase contracts.

Present were President Caen, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Power Policy Assistant General Manager Ed Smeloff, Deputy City Attorney Theresa Mueller, and Deputy City Attorney Cameron Baker.

No action was taken.

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)
Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

Present were President Caen, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Power Policy Assistant General Manager Ed Smeloff, and Deputy City Attorney Donn Furman.

No action was taken.

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

Present were President Caen, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Power Policy Assistant General Manager Ed Smeloff, and Deputy City Attorney Donn Furman.

No action was taken.

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

Present were President Caen, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Strategic and Systems Planning Manager Michael Carlin, and Deputy City Attorney Joshua Milstein.

No action was taken.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation: Speck Cab dba Veterans Cab vs. City & County of San Francisco, Claim No. 01-W6066-1.

Present were President Caen, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Moved by Commissioner Chen, seconded by Commissioner Costello to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0191: Recommend a settlement in the case of Speck Cab dba Veterans Cab vs. City & County of San Francisco, Claim No. 01-W6066-1.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9 and Administrative Code Section 67.8. (Clayton)

Present were President Caen, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Moved by Commissioner Bhatt, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0192: Recommend a settlement in the case of G.B. Scientific, Inc. vs. City & County of San Francisco, SF Superior Court No. 322081.

Following the Closed Session, the Commission reconvened in open session at 2:45 P.M.

26. Announcement following Closed Session.

President Caen announced the actions taken during Closed Session.

27. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Bhatt, seconded by Commissioner Costello, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

The Commission proceeded with the Order of Business.

3. Approval of Minutes

Moved by Commissioner Costello, seconded by Commissioner Bhatt, to adopt the Minutes of the September 12, 2002 Special Meeting; passed (4-0) unanimously.

4. Communications

No action taken.

5. Old/Ongoing Business by Commissioners

There was no discussion.

6. Introduction of New Business by Commissioners

Commissioner Bhatt requested a desalination report and update based on the concern for drought years and water shortages. He inquired if there was any existing report or prior research done on desalination of water.

President Caen requested the suggestion be put on the list.

7. Report of the General Manager

a) Bay Area Water Users Association (BAWUA) Tour

Ms. Patricia E. Martel, General Manager of Public Utilities, reported she attended the annual BAWUA tour of the SFPUC system on September 18-19, joining a diverse group of 40 representatives touring East Bay regional facilities and Hetch Hetchy. Art Jensen, General Manager of BAWUA, provided background information regarding the system. Paul Mazza, Water Supply & Treatment, provided technical narrative at the sites, and Alexis Halstead presented information on the Hetch Hetchy reservoir.

Ms. Martel found the tour beneficial in terms of gaining perspectives from the BAWUA members, staff and wholesale customers and sharing in discussions about the capital program. She commented it was an important educational opportunity for participating individuals from the policy level down to the line level. A subsequent tour of the San Francisco Peninsula facilities will be held next month. Ms. Martel plans to attend.

b) Restore Hetch Hetchy and Environmental Outreach Update

Ms. Martel stated she followed up on Vice President Normandy's request to do outreach to the environmental groups concerned with the SFPUC and the CCSF's position regarding restoring Hetch Hetchy and the request made by the organization, Restore Hetch Hetchy, that the SFPUC fund a feasibility study to restore the valley. On September 17, Ms. Martel met with Tom Graff and Spreck Rosencrans of Environmental Defense for an extensive discussion about the proposed restoration and the Commission's concerns about an SFPUC-funded

feasibility study. Ms. Martel indicated, without direction from the Commission, Mayor and Board of Supervisors (BOS), the restoration of Hetch Hetchy is inconsistent with the mission of the SFPUC to provide service to its 2.4 million users.

Difficulties with the restoration proposal were discussed, specifically the issues concerning our ability to maintain and deliver power to the San Francisco municipal operations and to irrigation districts. Water quality and sources of water were discussed. It was felt that the two issues of power and water quality had never been resolved since the first studies of restoring Hetch Hetchy were considered in the 1980's. None of the questions were answered during the discussions, but it was thought provoking. Mr. Graff and Mr. Rosencrantz requested that the SFPUC cooperate with a potential feasibility study and with their efforts to compile data regarding the SFPUC system for their internal analysis about potential alternatives to the Hetch Hetchy system. SFPUC agreed to cooperate by providing existing and available SFPUC data to Environmental Defense. It was made clear that SFPUC staff could not be diverted for long periods of time to do extensive analysis for them. The discussion was productive as both parties clearly expressed their perspectives.

c) Local and State Legislative Update

Local:

Ms. Martel reported on recent BOS developments. (1) Supervisor Tony Hall requested that the City Attorney's Office analyze the impact of State legislation (AB 1823, AB 2058 and SB 1870) awaiting the Governor's signature. All three measures would be analyzed for the purpose of determining if the legislation makes any changes to the governance of the Hetch Hetchy system. Ms. Martel stated every effort had been made to ensure that the legislation has very specific language indicating no change in governance. Supervisor Hall believes there is a likelihood the governance could be affected because of language, making those legislative measures unconstitutional and in violation of the Raker Act. He asked that any potential avenues for litigation be provided to the BOS. (2) Supervisor Hall requested the City Attorney's Office draft legislation to implement the recommendations of the Mayor's Infrastructure Task Force with regard to SFPUC's Capital Improvement Program (CIP). The Commission will be apprised on the developments of the City Attorney's Office.

State:

Ms. Suzanne Arena, SFPUC Government Affairs Manager, reported the Legislature adjourned on August 31 and the Governor has until September 30 to sign or veto all bills. She reviewed the bills approved by the Legislature having impact on the SFPUC and will send out a memo with the results of the signed and vetoed bills next week.

The following bills have been signed: AB 1561 (Kelly) – Water Efficient Clothes Washers; AB 2687 (Maldonado) – Transportation of Hazardous Materials; SB 1643 (Johnson) – Emergency Meetings; SB 1653 (Costa) – CALFED Governance has been chaptered.

The following bills are awaiting the Governor's signature: AB 58 (Keeley) – Net metering; AB 117 (Migden) – Community Aggregation; AB 1823 (Papan) – Hetch Hetchy Regional Water System; AB 1972 (Frommer) – Consumer Confidence Reports; AB 2058 (Papan) – Hetch Hetchy Regional Water System; AB 2351 (Canciamilla) – Mandatory Minimum Penalties; AB 2645 (Aanestad) – Closed sessions/Public records; and SB 1870 (Speier) – Financing Authority.

Ms. Arena mentioned the annual fee for discharge permits will be increased from \$10,000 to \$30,000 per year. She concluded her report stating SFPUC follows California State Legislation closely. Ms. Arena provided the following suggestions to implement next year to expand the legislative program: 1) Sponsor SFPUC legislation; 2) Commission Workshops on Legislative issues; and 3) Bi-weekly updates of local legislation.

President Caen requested that Ms. Martel take note of these suggestions.

d) Lake Merced Update

Mr. Michael Carlin, Manager of the Bureau of Strategic and Systems Planning, reported on the categorical exemption under the California Environmental Quality Act to add water to Lake Merced this fall. The item was presented and discussed with the Lake Merced Task Force on September 12. A letter of concurrence has been received from the Golden Gate Audubon Society. A letter of concurrence has been requested from the California Department of Fish & Game and is being awaited. Both organizations commented on the 1997 exemption and concurrence from both is needed to go forward with the 2002 exemption. When concurrence has been received from the California Department of Fish & Game, the process can move forward administratively and then be followed by the operational process.

8. Bay Area Water Users Association (BAWUA) General Manager's Report

Mr. Art Jensen, General Manager of BAWUA, stated he appreciated Ms. Martel's comments on the BAWUA tour and her participation for the two days. He thanked staff members Paul Mazza and Alexis Halstead for their participation and communication abilities with participants. Walt Ward, Assistant General Manager from Modesto Irrigation District, spoke at their Modesto facilities. The tour tries to get as many perspectives as possible on many of the issues and to help people learn about the water system.

Mr. Jensen reported on other items. (1) The Bay Area Economic Forum Study is doing a report on the economic impacts of a potential outage of the system. The report will be out in early October. (2) The Silicon Valley Manufacturing Group had a Silicon Valley Projections Conference on September 20. The yearly conference covers a variety of issues important to the South Bay community such as education, crime, transportation, housing, water supply, etc. This year, the audience public opinion poll ranked water supply and reliability to the communities as a priority. Mr. Jensen encouraged SFPUC to get involved in the conference or be represented as part of that community. (3) A legislative report will be given at a later date after the Governor has taken action.

9. Public Comments on matters not on today's agenda.

There were none.

CONSENT CALENDAR

10. Moved by Chen, seconded by Bhatt, to adopt the items a-c listed under the Consent Calendar; passed (4-0) unanimously.

- a) Resolution No. 02-0194: Accept work performed for Contract No. WD-2242R, Thomas Shaft Chlorination Facility Improvement, approve Modification No. 3 (Final) decreasing the contract by \$512,691, for a final contract amount of \$4,026,705, and authorize final payment of \$202,232.85 to Homer J. Olsen, Inc.
- b) Resolution No. 02-0195: Accept work performed for Contract No. WD-2319, 18th, Lapidge, Dorland Streets 6 & 8-Inch Ductile Iron Main Installation, approve Modification No. 1 (Final) decreasing the contract by \$137,677, for a final contract amount of \$940,477, and authorize final payment of \$16,000 to J. Flores Construction Company, Inc.
- c) Resolution No. 02-0193: Approve resolution recognizing the work and contributions of Lawrence T. Klein.

REGULAR CALENDAR

11. Discussion and possible action related to Calpine Energy Services.

Staff Recommendation: Approve an amendment to the May 7, 2001 power sales agreement between Calpine Energy Services

and the City and County of San Francisco. Forward the amended agreement to the Board of Supervisors with a recommendation to approve the contract change.

The Commission decided to continue Item 11 by acclamation.

12. Discussion and possible action related to capital project closeout and reallocation of funding.

Mr. William Berry, Assistant General Manager of Finance, stated this item would create a new policy for reallocation of capital project funds. Reallocation decisions occur when money is moved from one project into another project that exceeds the original budget estimate or when there is an emergency project.

It was felt there was a need to look at how money is managed with respect to capital projects with the approaching CIP. A Capital Project Oversight Committee (CPOC), consisting of SFPUC senior management from Infrastructure, Finance and Planning, was created to provide better oversight and to help with group decision-making when there are issues.

The CPOC recommended setting up a process to close out projects on a regular basis. Rather than moving monies into needy projects, the recommendation is to close out projects and put the funds in unallocated accounts where the money would accumulate. When a project needs additional funding, money could be moved from unallocated accounts into a specific project or to fund an emergency. Reallocation decisions require Commission approval. The item does not change policy; it changes procedure by creating the unallocated accounts.

Commissioner Chen asked if the reallocation from the closed out accounts would require Commission approval before the funds could be moved.

Mr. Berry stated closeouts require Commission approval and would continue as usual. He stated there has been a perception problem with money being moved around between projects with respect to closeouts. The intent is to change the perception by closing out projects on a regular basis, putting the monies into unallocated accounts, and making it available for the Commission to reappropriate to other projects.

President Caen asked for clarification on a written statement: "...It is not known at any given time how much funding exists in projects that are completed and how much funding is available for reallocation."

Mr. Berry stated it is known what money is present in projects, but often with closeouts, there are problems with claims, additional costs that haven't been charged, etc. This is why it is important to close out projects as quickly as possible

to complete the process and have the Commission approve them to know the status of funds. He stated, instead of taking money from other projects, or going to the BOS for supplemental appropriation, creating unallocated accounts would provide a funding source to get immediate funding.

President Caen called for public comments.

Public Comments:

Mr. Criss Romero, representing International Federation of Professional & Technical Employees - Local 21, spoke on Item 12 as there was a concern that monies allocated for the Capital Project closeouts would not undergo public scrutiny. Local 21 believes that City oversight of closeouts and monies is integral to the passing of bonds that are going before the public. He was pleased to know of the CPOC and that closeouts would still be under the scrutiny of the Commission.

President Caen reiterated the Commission will continue to oversee closeouts.

Ms. Martel reinforced Mr. Berry's and the President's statements. She stated the purpose of the CPOC is to strengthen oversight and would not affect the current oversight the Commission has on closeouts. As project managers are given the authority to move funds around from projects, if necessary, the CPOC will provide for a higher level of oversight and help in tracking the true costs of projects by ensuring the source and amount of funds added. This step will provide the public with the confidence that funding will be tracked with scrutiny.

Moved by Commissioner Costello, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0196: Approve the SFPUC policy for capital project close out and the reallocation of remaining project fund balances. Approve the creation of a Hetchy, Water and Clean Water Project (unallocated capital project) to accumulate unspent balances as projects are closed out and to allow the Capital Project Oversight Committee (CPOC) to reallocate funds to the unallocated capital project accounts.

13. Discussion and possible action related to proposed Thornton Beach and San Francisco Zoo seawater monitoring well sites.

Moved by Commissioner Chen, seconded by Commissioner Costello to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0197: Authorize the General Manager of Public Utilities to negotiate and sign an agreement with the City of Daly City for the acquisition of additional geological and geophysical data at the proposed Thornton Beach and San Francisco Zoo seawater monitoring well sites.

Items 14 and 15 were taken together.

14. Discussion and possible action related to Water Supply Contract with the California Water Service Company.

Moved by Commissioner Costello, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0198: Authorize the General Manager of Public Utilities to submit to the Board of Supervisors the First Amendment to the Water Supply Contract between the City and County of San Francisco and the California Water Service Company for purposes of conducting an Aquifer Recharge Study.

15. Discussion and possible action related to Water Supply Contract with the City of San Bruno.

Moved by Commissioner Costello, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0199: Authorize the General Manager of Public Utilities to submit to the Board of Supervisors the First Amendment to the Water Supply Contract between the City and County of San Francisco and the City of San Bruno for purposes of conducting an Aquifer Recharge Study.

CONSTRUCTION CONTRACTS

Award

16. Discussion and possible action related to Contract No. WD-2327.

Mr. Ed West, Manager of the Project Management Division in UEB, briefly described the project. President Caen asked if SFPUC was buying the backup power. Mr. West stated an additional generator is being installed as emergency backup power.

President Caen asked if one generator cost \$1 million. Mr. West stated the project manager was present for details. Mr. Calvin Huey, Project Manager, stated the generator costs \$900,000 and the valve is \$200,000.

Commissioner Bhatt inquired about the generator capacity. Mr. Huey stated the generator is 1500 kw.

Commissioner Costello asked if they both have the same output and are equal in size. Mr. Huey stated the system is a backup to the Harry Tracy site and that the second generator will allow the system to operate the valves at the same time and not rely on PG&E.

Moved by Commissioner Costello, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0200: Award of Contract No. WD-2327, Repairs and Upgrades at Baden Valve Lot and Pump Station, in the amount of \$3,409,417 to ProVen Management, Inc.

Close

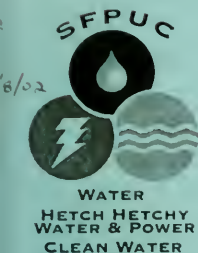
17. Discussion and possible action related to Contract No. WD-2220.

Moved by Commissioner Bhatt, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0201: Accept work performed for Contract No. WD-2220, Access and Fire Protection Upgrades at HTWTP, SVWTP and SAPS, approve Modification No. 3, increasing the contract by \$11,239.83, for a total contract amount of \$1,189,322.95, and with a time extension of 35 consecutive calendar days for a total contract duration of 185 consecutive calendar days; and authorize final payment of \$101,145.69 to Seto's Construction.

Thereupon, the meeting was adjourned: 3:35 P.M.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

October 8, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

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SAN FRANCISCO
PUBLIC LIBRARY

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen
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DEPARTMENTS

Water Department
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Hetch Hetchy Water & Power
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BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100, et. seq] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at: 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of the September 24, 2002 Regular Meeting
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager (Martel)
 - a) Lake Merced Update
 - b) Bay Area Economic Forum Report
 - c) Water Infrastructure Partners Update
8. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
- a) Staff Recommendation: Approve the plans and specifications for Contract No. CW-332, 8th Avenue / Steiner Street Sewer Replacement and authorize the Utilities Engineering Bureau Manager to advertise, receive and evaluate bids.
 - b) Staff Recommendation: Approve the award of CW-324 Clean Northpoint Main between Mission Street and Pine Street and Between Pacific Street and Vallejo Street and Clean Davidson Box between Selby Street and Rankin Street in the amount of \$495,816, to A. Ruiz Construction.
 - c) Staff Recommendation: Accept work performed for Contract No. CW-243, Morris/Ritch/Sterling/Rincon Streets Sewer Replacement, approve Modification No. 2 (Final) decreasing the contract by \$72,424.00 for a final contract amount of \$343,694.00; and authorize final payment of \$45,502.30 to JMB Construction, Inc.

REGULAR BUSINESS

10. Discussion and possible action related to intertie between East Bay Municipal Utilities District and San Francisco Public Utilities Commission. (Carlin)

Staff Recommendation: Authorize the General Manager of Public Utilities to negotiate and execute a Memorandum of Agreement between East Bay Municipal Utilities District (EBMUD), City of Hayward, Alameda County Water District and San Francisco Public Utilities Commission (SFPUC) to conduct feasibility and environmental studies for constructing an intertie facility between the water systems of EBMUD and SFPUC.

CONSTRUCTION CONTRACTS

Close

11. Discussion and possible action related to Contract No. CW-236. (Quan)

Staff Recommendation: Accept work performed for Contract No. CW-236, Southeast Water Pollution Control Plant (SEWPCP) 250 MGD Phase 2, approve Modification No. 2, increasing the contract by \$35,180, for a total contract amount of \$3,506,728, and with a time extension of 63 consecutive calendar days for a total contract duration of 278 consecutive calendar days; and authorize final payment of \$87,406.20 to Homer J. Olsen Inc.

CLOSED SESSION

12. Public comments on matters to be discussed in Closed Session.
13. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

14. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

15. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

16. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

17. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c):
(Mueller)

Anticipated Litigation: As Plaintiff
Regarding long-term power purchase contracts.

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation: San Mateo County Transit District vs. Tanforan Park Shopping
Center, et al., San Mateo County Superior Court No. 407-836.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation: William Mandel / State Farm Insurance Co. vs. City & County
of San Francisco, Claim No. 01-W-0059-8.

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation: First Bank & Trust, Claim No. 01-W-0187-1.

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation: Chi Man Si-Tou vs. City & County of San Francisco,
Claim No. 01-W-6061-2.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL
RECONVENE IN PUBLIC SESSION.

22. Announcement following Closed Session.

23. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

October 8, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

OCT 23 2002

SAN FRANCISCO
PUBLIC LIBRARY

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:38 P.M.
2. Roll Call: Present – President Ann Moller Caen, Commissioner Ashok K. Bhatt, Commissioner Jeffrey A. Chen, Commissioner Robert J. Costello

Excused - Vice President E. Dennis Normandy

3. Approval of Minutes

Moved by Commissioner Chen, seconded by Commissioner Costello, to adopt the Minutes of the September 24, 2002 Regular Meeting; passed (4-0) unanimously.

4. Communications

No action taken.

5. Old/Ongoing Business by Commissioners

President Caen requested a status report on the Bay Area Ridge Trail, and to move the item forward on the calendar.

6. Introduction of New Business by Commissioners

There was no new business introduced.

7. Report of the General Manager

- a) Lake Merced Update

Ms. Patricia E. Martel, General Manager of Public Utilities, reported that as of October 7, 2002, SFPUC started adding 10 million gallons of water a day to Lake Merced. This will continue for 30 days or until the lake reaches the desired level. City Distribution Division (CDD) will measure and record the outflow. A report will be made within the next 30 days regarding the progress.

- b) Bay Area Economic Forum Report

Ms. Martel stated there was to be an event this morning for the Bay Area Economic Forum to unveil their report on the impacts of a seismic or natural hazard on the Hetch Hetchy system. The meeting was cancelled as no public disclosure has been made. The item is to be continued until the conclusions have been received.

c) Water Infrastructure Partners (WIP) Update

The Finance Committee will meet on October 9 and will be updated on the contract reassignment from Bechtel to WIP. SFPUC received and reviewed a Budget Analyst report which was an independent analysis of the WIP contract by Local 21. The report looked at financing the Capital Improvement Program (CIP) and determined the contract amount should be reduced. Program Management under WIP provides many services. The analysis suggested eliminating the services. SFPUC responded to the report concluding the services are needed and essential and that a reduction in funding would severely limit the ability to take on the CIP. Ms. Martel stated she concurred with the SFPUC and Commission that the CIP contract is needed, and its decision rests with the SFPUC, not Local 21.

Ms. Martel stated it is her intention to provide an overview within the next month on the organization put in place for the CIP implementation and the progress made in the last months. After the November 5th election, when a clearer sense of direction will be known, there will be a partnering session with all staff and Local 21 regarding the organizational structure.

Ms. Martel concluded her report and called for questions or comments.

Commissioner Chen asked if the Residential Users Appeals Board (RUAB) matter had been settled as the Commission was in receipt of a second letter from Mr. Buckley, RUAB member.

Ms. Martel stated the matter had been transmitted to Mr. Bill Berry to investigate. She stated she had met with Mr. Berry to discuss how to provide dialogue for the RUAB. Subsequently, she received Mr. Buckley's letter. She stated she is awaiting Mr. Berry's response and that she is willing to meet with Mr. Buckley.

8. Public Comments on matters not on today's agenda.

There were none.

CONSENT CALENDAR

9. Moved by Commissioner Bhatt, seconded by Commissioner Constello, to adopt the items a-c listed under the Consent Calendar; passed (4-0) unanimously.

- a) Resolution No. 02-0202: Approve the plans and specifications for Contract No. CW-332, 8th Avenue / Steiner Street Sewer Replacement and authorize the Utilities Engineering Bureau Manager to advertise, receive and evaluate bids.

- b) Resolution No. 02-0203: Approve the award of CW-324 Clean Northpoint Main between Mission Street and Pine Street and Between Pacific Street and Vallejo Street and Clean Davidson Box between Selby Street and Rankin Street in the amount of \$495,816, to A. Ruiz Construction.
- c) Resolution No. 02-0204: Accept work performed for Contract No. CW-243, Morris/Ritch/Sterling/Rincon Streets Sewer Replacement, approve Modification No. 2 (Final) decreasing the contract by \$72,424.00 for a final contract amount of \$343,694.00; and authorize final payment of \$45,502.30 to JMB Construction, Inc.

REGULAR CALENDAR

- 10. Discussion and possible action related to intertie between East Bay Municipal Utilities District and San Francisco Public Utilities Commission.

Mr. Michael Carlin, Manager of Bureau of Systems and Strategic Planning, used graphics/maps to briefly describe the project and state the benefits the intertie would have for SFPUC.

President Caen asked for a review of the costs. Mr. Carlin stated the engineering costs were \$16.5 million. The environmental document (EIR) costs of \$24,000-30,000 were to be divided 30% - EBMUD, 30% - City of Hayward, 30% - SFPUC, and 10% - Alameda County Water District.

Moved by Commissioner Bhatt, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously.

- Resolution No. 02-0205: Authorize the General Manager of Public Utilities to negotiate and execute a Memorandum of Agreement between East Bay Municipal Utilities District (EBMUD), City of Hayward, Alameda County Water District and San Francisco Public Utilities Commission (SFPUC) to conduct feasibility and environmental studies for constructing an intertie facility between the water systems of EBMUD and SFPUC.

CONSTRUCTION CONTRACTS

Close

- 11. Discussion and possible action related to Contract No. CW-236.

Moved by Commissioner Costello, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0206: Accept work performed for Contract No. CW-236, Southeast Water Pollution Control Plant (SEWPCP) 250 MGD Phase 2, approve Modification No. 2, increasing the contract by \$35,180, for a total contract amount of \$3,506,728, and with a time extension of 63 consecutive calendar days for a total contract duration of 278 consecutive calendar days; and authorize final payment of \$87,406.20 to Homer J. Olsen Inc.

CLOSED SESSION

12. Public comments on matters to be discussed in Closed Session.

There were none.

13. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Chen, seconded by Commissioner Bhatt, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 2:08 P.M. to discuss the following matters:

14. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

Nothing was discussed.

15. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

Nothing was discussed.

16. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

Nothing was discussed.

17. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(c): (Mueller)

Anticipated Litigation: As Plaintiff
Regarding long-term power purchase contracts.

Nothing was discussed.

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation: San Mateo County Transit District vs. Tanforan Park Shopping Center, et al., San Mateo County Superior Court No. 407-836.

Present were President Caen, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Resolution No. 02-0207: Recommend a settlement in the case of San Mateo County Transit District vs. Tanforan Park Shopping Center, et al., San Mateo County Superior Court No. 407-836.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation: William Mandel / State Farm Insurance Co. vs. City & County of San Francisco, Claim No. 01-W-0059-8.

Present were President Caen, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Resolution No. 02-0208: Recommend a settlement in the case of William Mandel / State Farm Insurance Co. vs. City & County of San Francisco, Claim No. 01-W-0059-8.

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation: First Bank & Trust, Claim No. 01-W-0187-1.

Present were President Caen, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Resolution No. 02-0209: Recommend a settlement in the case of First Bank & Trust, Claim No. 01-W-0187-1.

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation: Chi Man Si-Tou vs. City & County of San Francisco, Claim No. 01-W-6061-2.

Present were President Caen, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Resolution No. 02-0210: Recommend a settlement in the case of Chi Man Si-Tou vs. City & County of San Francisco, Claim No. 01-W-6061-2.

Following the Closed Session, the Commission reconvened in open session at 2:16 P.M.

22. Announcement following Closed Session.

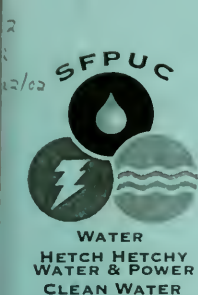
President Caen announced the actions taken during Closed Session.

23. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Bhatt, seconded by Commissioner Chen, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

Thereupon, the meeting was adjourned: 2:17 P.M.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

DOCUMENTS DEPT.

AGENDA

OCT 17 2002

REGULAR MEETING

SAN FRANCISCO
PUBLIC LIBRARY

October 22, 2002
1:30 P.M.

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Customer Service
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100, et. seq] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at: 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) The Minutes of October 8, 2002 Regular Meeting
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) Legislative Update – Federal (Owen)
 - b) University Mound Reservoir Incident (Martel)
 - c) Finance Committee Report (Martel)
 - d) Bay Area Economic Forum Report (Martel)
 - e) Water Supply and Treatment Operational Issues (Mazza)
8. Bay Area Water Users Association (BAWUA) General Manager's Report
 - a) A New Way of Working Together (Jensen)
9. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
 - a) Staff Recommendation: Approve the plans and specifications for Contract No. CW-311, Turk and Leavenworth Streets Sewer Replacement and authorize the Utilities Engineering Bureau Manager to advertise for bids for said contract.
 - b) Staff Recommendation: Award Contract No. WD-2383, Jackson Street 8-Inch Ductile Iron Main Installation, in the amount of \$626,134 to MH Construction.
 - c) Staff Recommendation: Accept work performed for Agreement No. CS-548-B, Water Quality Environmental Services and Regulatory Compliance Contract, for a final contract amount of \$892,210 to Merritt-Smith Consultants Inc.
 - d) Staff Recommendation: Accept work performed for Agreement, Laboratory Information Management System (LIMS) Software Development, for a final contract amount of \$300,000 from DMC Communications, Inc.

REGULAR BUSINESS

11. Discussion and possible action related to the Bay Area Regional Water Recycling Program.
(Carlin)

Staff Recommendation: Authorize the General Manager of Public Utilities to participate and contribute funds to the Bay Area Regional Water Recycling Program for activities associated with the Fiscal Year 2002-2003 Work Plan in an amount not to exceed \$15,300.

LEASES AND PERMITS

12. Discussion and possible action related to a revocable permit with Exxon Mobil, Inc.
(Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a revocable permit with Exxon Mobil, Inc. to use approximately 80 linear feet of SFPUC land located near the corner of Lakehaven Drive and North Lawrence Expressway in the City of Sunnyvale, CA to install up to two 4" or 6" conduits to carry treated groundwater over and across SFPUC land to an adjacent site.

13. Discussion and possible action related to a permit with Carini's Inc. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a permit with Carini's Inc. of Redwood City, to use approximately 4,516 square feet of SFPUC land located at the corner of Middlefield Road and First Avenue in Redwood City, as a loading area and to park working automobiles for the adjacent furniture store.

CONSTRUCTION CONTRACTS

Amend

14. Discussion and possible action related to Contract No. WD-2340. (Quan)

Staff Recommendation: Approve Modification No. 2 to Contract No. WD-2340, Recoating of Bay Division Pipelines Nos. 1 & 2 in the vicinity of the Irvington Pump Station, increasing the contract by \$240,000, for a total contract amount of \$727,750, and with a time extension of 30 consecutive calendar days for a total contract duration of 150 consecutive calendar days.

PROFESSIONAL SERVICE CONTRACTS

Amend

15. Discussion and possible action related to Agreements No. CS-670 A, B, C, D, and E. (Medbery)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute Amendment No. 1 to Agreements No. CS-670 A, B, C, D, and E, to Baseline Consultants; Camp, Dresser McKee, Inc.; Kennedy/Jenks Consultants; Olivia Chen Consultants; and Weiss Associates, to increase the total authorized spending authority from \$3,000,000 to \$4,500,000, with no increase in term.

CLOSED SESSION

16. Public comments on matters to be discussed in Closed Session.
17. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS
THE FOLLOWING ITEMS:

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District,
San Francisco Superior Court No. 323717.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District,
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20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the
State Water Resources Control Board.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL
RECONVENE IN PUBLIC SESSION.

21. Announcement following Closed Session.
22. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

October 22, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

NOV 13 2002

COMMISSIONERS

SAN FRANCISCO
PUBLIC LIBRARY

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen
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DEPARTMENTS

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BUREAUS

Customer Service
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:31 P.M.
2. Roll Call: Present – President Ann Moller Caen, Commissioner Ashok K. Bhatt, Commissioner Robert J. Costello

Excused – Vice President E. Dennis Normandy, Commissioner Jeffrey A. Chen

3. Approval of Minutes

Moved by Commissioner Costello, seconded by Commissioner Bhatt, to adopt the Minutes of the October 8, 2002 Regular Meeting; passed (3-0) unanimously.

4. Communications

No action taken.

5. Old/Ongoing Business by Commissioners

Commissioner Costello reported that he and Commissioner Bhatt went up to Hetch Hetchy for the dedication of the Michael O'Shaughnessy bust at the chalet in Moccassin on October 18. He stated it was a great occasion. Commissioner Bhatt concurred, further commenting he observed some leaking walls at the Hetch Hetchy dam and that he felt it would be good if some safety walls were constructed on the road leading up to the dam.

President Caen requested an update within the next month on security for SFPUC properties.

6. Introduction of New Business by Commissioners

There was no new business introduced.

7. Report of the General Manager

- a) Legislative Update – Federal

Mr. Daryl Owen, SFPUC's Washington Legislative Lobbyist, reported Congress will come back into session after the November elections. It is unknown how long they will be in session, but it is possible they will resolve some of the outstanding issues presented in today's report.

CALFED U.S. Senator Dianne Feinstein continued to work diligently on the negotiation of this legislation. The scope of the bill has been reduced down to \$800 million over a 3-year period of time. She has put increased specificity on the individual projects in the bill and has placed financial caps on each.

The bill has been blocked in the full Senate over the Davis-Bacon Act, a labor issue. This is the same issue that has prevented the CALFED legislation from being considered in the House. It is felt at this late date that CALFED will get blocked from consideration in Congress. Senator Feinstein may have a difficult time getting past Republican opposition. She has not given up on the legislation and has begun to shop around an alternative. This is a one-page bill that would merely authorize the record of decision and keep CALFED moving forward.

SFPUC has asked for little in CALFED because it is not something that relates directly to the system. However, it has participated as a member in the California water community in an effort to get it done. At SFPUC's request, Senator Feinstein put in a provision ratifying the regional approach to the Bay Area Recycling and Water Reuse Program (BARWRP). SFPUC also explored the possibility for authorization of an intertie with East Bay Municipal Utilities District (EBMUD) at Hayward. Opposition was received because the Hayward intertie is not something that is referenced in the record of decision. In the future, it may qualify for participation in CALFED and potentially federal funding, but at this time did not.

Comprehensive Energy Legislation This has been actively monitored and is currently under a conference committee. The principle reason for monitoring is to make sure that nothing is done to jeopardize SFPUC's status under the Raker Act. The second reason is because there is persistent movement to extend federal jurisdiction and requirements regarding electricity to municipal entities and electric co-ops. At present, it is not a concern and SFPUC is exempt from the requirements because of its size. In the future, if SFPUC gets more aggressive about being a municipal utility, it will need to pay attention.

Desalination EBMUD and Santa Clara Valley Water District (SCVWD) pursued a \$4 million authorization for a desalination study project in the Water Resources Development Act (WRDA). This was done for several reasons: (1) There has been a lot of development in desalination in recent years and it would be helpful to get a comprehensive review and the economics on it; (2) A federal study of a Bay Area desalination project would help with the Capital Improvement Program (CIP) and the environmental permitting requirements; (3) The study will serve as a template to operate regionally; and (4) To support CALFED.

WRDA is a different program from the Bureau of Reclamation/CALFED. WRDA, a national bill, is done through the Corp of Engineers and funded differently. WRDA is being explored as a possible source of federal funding for water projects in the West, most of which was done by the Bureau of Reclamation in the past. If CALFED does not move forward and the Bureau is starved for funds, SFPUC

needs to look elsewhere for opportunities and WRDA is an option. The WRDA bill did not pass this year. Mr. Owen expressed optimism that there would be a WRDA bill next year and that the desalination study would be in the bill.

CIP and the Restore Hetch Hetchy Movement Outreach efforts to appropriate committee staff were made to make them aware of what is going on with the CIP and putting the Restore Hetch Hetchy movement into proper perspective. This concluded Mr. Owen's update and he called for questions.

President Caen inquired about the intertie and if it was a done deal, or if CALFED was going to participate. Mr. Owen stated he didn't believe it would.

Commissioner Costello stated he'd been involved in building a desalination plant in Santa Barbara some years ago and wondered if Mr. Owen had any updated information on the operation. Mr. Owen stated he didn't. Commissioner Costello stated it would be interesting to get an update through the Commission or General Manager on how the Santa Barbara plant is functioning. He added the initial cost is very expensive, but once it is completed, it is very economical. Mr. Owen stated he could look into it from the federal viewpoint.

b) University Mound Reservoir Incident

Ms. Patricia E. Martel, General Manager of Public Utilities, apprised the Commission that on Sunday, October 13, around 7:00 AM, the Water Department (WD) received a call about water gushing down Bacon Street in the Portola neighborhood. WD was on the scene about 7:30 AM. The ruptured water main and the flow of water was contained by 9:20 AM. An estimated 700-800,000 gallons of drinking water were lost during the time period. Water service to all of the customers in the area and throughout the City was maintained without interruption.

The site of the incident was excavated and revealed the water main rupture was caused by a broken weld on the steel access cover to the 44" pipeline that was feeding the north basin of the University Mound Reservoir. The pipeline was constructed of riveted steel about 1885 and mortar-lined somewhere between 1950-1969. It appears that the access point where the pipeline was mortar-lined was resealed with a welded metal cover which failed during this incident. When the incident occurred, there was no change in water pressure or identifiable errors in operations to cause it. There is speculation that the failure of the weld was due to age. This pipeline was taken out of service in 1977 and put back into service July 2002 because of renovation on another portion of pipeline that serves University Mound.

City Attorney inspectors were on site on October 13 to help provide information and claim forms to residents who were affected by the incident. On that day, there were 37 homes with some level of property damage. On October 21, it was determined there were 8 homes with severe damage. It is expected that there will

be fairly sizable reimbursement costs for those homes. There were 4 vehicles parked on the street severely damaged by water. Overall personal property losses are estimated at several hundred thousand dollars. The City Attorney's claims personnel will provide detailed records to SFPUC on all the expenses related to this particular incident.

As a result of this incident, City Distribution Division (CDD) is conducting inspections of the pipelines that are 75 years or older to determine if there are similar facilities that could suffer ruptures. Recommendations on renovating pipelines with similar weaknesses by the Utilities Engineering Bureau (UEB) will be utilized in making a determination to take on any new projects.

c) Finance Committee Report

Ms. Martel stated the most recent Finance Committee hearing was on October 9. In June 2002, the Commission and Board of Supervisors (BOS) approved an extension of the Water Infrastructure Partners (WIP) contract. Ms. Martel provided a report to the Committee on the progress made on the Program Management contract over the last 3-month's extension. There were delays in moving forward with the transition from Bechtel to Jacobs Engineering because of an HRC requirement that Jacobs' parent company become 12B compliant. Jacobs has a temporary notice to proceed based on work completed. WIP have been working throughout the time period. The report outlined in detail the limited activities that WIP has been doing while waiting for compliance.

The issue of discussing the Commission-approved time extension through December was put off until November. The Finance Committee requested working with Local 21 on the contractual issues they have regarding the WIP contract. It was agreed to meet with Local 21 and Don Birrer, Acting Assistant General Manager of Infrastructure. The next report to the Committee should include changes in the contract on revising the scope and specifics on project tasks, in addition to addressing issues that Local 21 has based on an extensive contract review and analysis they conducted for the Finance Committee. Their analysis indicated a need for funding reduction. Ms. Martel commented she thought Local 21's analysis was shortsighted and that the Program Management contract is a tool for accomplishing the CIP. The Finance Committee agreed, but felt that some issues raised by Local 21 warranted further review and discussion by Ms. Martel and SFPUC staff. The outcome will be reported in November.

President Caen asked what the status of Jacobs and 12B was currently. Ms. Martel asked Mr. Bajwa to address the question. Mr. Surinderjeet Bajwa, Project Manager for Program Management Contract, stated Jacobs wrote they will have everything for compliance by October 30. It is expected everything will be received within a couple of weeks.

Commissioner Bhatt inquired on the status of the University Mound incident. Ms. Martel stated the repair of the ruptured 44" pipeline was completed. Commissioner Bhatt asked if it was completed permanently or temporarily. Ms. Cheryl Davis, Acting Assistant General Manager of Operations, stated a phalange and a better quality cover are being placed on the rupture. The site is still excavated and the pipeline is not in service at this time. The system can operate without the pipeline. Though the pipe has been repaired, that portion will not be put back into service until there is assurance it is reliable. UEB staff will help do an inside and outside inspection and will assist in setting up the criteria for putting it back into service. A date has not yet been determined.

d) Bay Area Economic Forum Report

Ms. Martel reported a press conference was held a week and a half ago concerning the document "Hetch Hetchy Water and the Bay Area Economy" by the Bay Area Economic Forum. The document is a detailed analysis of the Hetch Hetchy water delivery system and the need for moving forward with the proposed repairs in the CIP. The most significant issue raised in the study is the economic impact to the Bay Area. If there was a major natural disaster impacting delivery of water to the system's 2.4 million users, it is estimated the potential economic loss from a loss of water for a period of 60 days could be as high as \$28.7 billion.

The report identifies a number of issues, not just seismic. One of the recent issues that has come up in environmental reports is the potential for the system to expand as a result of the CIP and facilitating urban sprawl. That particular issue is dealt with in this report under the topic of reliability. The reason for that would be the need to ensure future water supplies during drought periods. That is a significant item identified as part of this study and considerable amount of analysis is provided in the study about the need to firm up the system.

The report indicates clearly that based on recent drought experiences, the SFPUC is only able to assure customers a total supply of 239 million gallons of water a day. Currently, the system operates 21 million gallons above the assured supply capacity. Their analysis also indicates the current shortfall will grow to about 71 million gallons by 2050. The study indicates there is a need to provide increased capacity through expanded storage to meet some of those needs.

Another noteworthy item in the report is the need identified to ensure that SFPUC is able to make future supplies available in emergency situations by identifying opportunities for interconnections to other water systems. Earlier this year, an intertie project with SCVWA was completed. The Commission recently approved moving forward on a proposed intertie with EBMUD, Hayward and the Alameda County Water District. A third intertie project with SCVWA is being investigated. Interties were identified as very important in the overall ability of all the water delivery systems in the Bay Area to ensure that emergency water transfers could be made to provide a basic level of service to all users in the Bay Area.

The report details the economic impact on the business community of the Bay Area. It identifies those commercial and industrial uses that require purer, deionized water for rinsing, sterilizing, flushing, refrigeration and a number of other purposes that have been reliant upon the high quality of Hetch Hetchy water to meet their manufacturing requirements. The analysis indicates commercial losses could be as high as \$14 billion and industrial losses could be \$10 billion.

All the information in the report indicates there is need to move forward with the CIP. Until now, the opportunity had not arisen to look at what the real economic consequences would be if water delivery capability was lost for some time. In the last several months, opportunities to talk with Silicon Valley and East Bay business entities provided calculated economic losses if the Hetch Hetchy system failed.

This is the first definitive document that provides an economic analysis. Ms. Martel expressed the document has been well received from a variety of sectors in terms of creating a better understanding for the public and for the business community, especially on what needs to be done and why, and what the potential risks are if no action is taken. Ms. Martel called for questions.

Commissioner Costello inquired if vacant positions were being filled. Ms. Martel stated progress was being made with filling vacant positions. The recent report to the Finance Committee gave status on hiring for UEB and CIP engineering positions. Of the 18 CIP vacancies, 8 are filled and the remaining 10 have been interviewed. UEB vacancies have been reduced to about 60 positions. She called on Mr. Bajwa for verification. Mr. Bajwa stated there were 58 open positions. Requisitions for 39 had been made and should be filled within a couple of months. There are 18 positions that are in a holding status pending budget. If the CIP moves forward, supplemental appropriations will be sought and filling the positions can be proceeded upon. Ms. Martel stated the preliminaries were taken care of for positions that may not be funded unless the water revenue bond is approved. When what the future holds is known, those positions can be proceeded upon.

Ms. Martel concluded her report with an item not on the agenda—an update on adding water to Lake Merced. Water has been added to the lake for the last several weeks to reach a target level of 18 inches. As of today, the target level has been achieved. Monitoring will be conducted in order to determine the rate at which the added water may decline. SFPUC is prepared to add more water when it is necessary and once there is reliable data on the actual level of the lake.

e) Water Supply and Treatment Operational Issues

Mr. Paul Mazza, Program Manager of Water Supply & Treatment (WST), stated a lot of construction has been conducted over the last few years and is still underway on the 1997 Propositions A and B, but has been overshadowed by the upcoming CIP and this year's Proposition A. Mr. Mazza reported on a couple of current \$50 million projects that have real critical effects on how the system operates. He

stated the water plants and transmission systems have to keep working while they are being rebuilt and showed slides to give visual reality to his presentation.

Mr. Mazza explained that the 70-year old San Francisco water system was designed to flow by gravity with the surplus pressure and surplus flows spilling into Crystal Springs Reservoir. It worked successfully during all those years, but was changed 2.5 weeks ago. Surplus no longer spills into the Crystal Springs Reservoir. To build the dechloramination facility, the water that normally spills through the Pulgas Water Temple, now heads up the Peninsula and goes into San Francisco. The entire water system is now pressurized so it is no longer a gravity-flow, self-relieving system. The system has been successfully working under these conditions for about 2.5 weeks. The operation is one quarter complete and will continue until early December.

He showed slides of the major construction of the dechloramination facility being built next to the Pulgas Water Temple. The new mode of operation has put pressure on parts of the system that haven't been pressured in 70 years. One of those parts was the Pulgas Tunnel which will be restored when construction is complete. The Harry Tracy Water Treatment Plant will be shut down for 1.5 months, which has never been before. The water that it normally provides will be pumped up to the Baden Pump Station region. WST will work closely with CDD in regulating their reservoirs while this operation is underway. These system reconfigurations will continue for the remainder of the Proposition A & B work. Mr. Mazza stated the Commission would be apprised every 2-3 months on the impacts of the construction on operations. He called for questions.

Commissioner Bhatt asked when the Harry Tracy Plant would be shut down. Mr. Mazza stated the first week of January with an anticipated back-on-line date of mid-February. He stated the Pulgas work is scheduled for completion the first week of December. Commissioner Bhatt asked if there would be any water shortage. Mr. Mazza stated their mission is to not have a single gallon of shortage and that all the necessary modeling was done to achieve this.

President Caen inquired if the whole plant would be shut down. Mr. Mazza answered that it would and that the treated water reservoirs would be taken out of service. He stated SFPUC will be working with both the City and BAWUA customers as they do whenever there are shutdowns.

President Caen called for public comments on any issue not on the agenda.

9. Public Comments on matters not on today's agenda.

Mr. Emeric Kalman, San Francisco resident, raised several issues: (1) An update on the SFPUC's opposition to the bills of State Senator Jackie Speier and Assemblyman Lou Papan. He also wanted to know what happened with Supervisor Tony Hall's request to the City Attorney's Office to analyze the bills and

San Francisco's legal redress to fight these improper bills. (2) Follow-up and status of \$3.6 million Communications agenda item from June 2002 for "propaganda." He asked if it is legal or ethical for SFPUC staff to support some of the inaccuracies/lies that are sold to the public, such as "Save Hetch Hetchy." (3) An answer to Tony Hall's press release on the \$800 million revenue bond proposal as a solution for the \$4 billion CIP. He inquired if any money was laundered to lobby firms to advance the CIP.

President Caen asked what his question was regarding funds given to firms. Mr. Kalman stated some firms are money-laundering operations which come back for contracts with SFPUC. President Caen stated that is not how the SFPUC operates and that funds are disclosed publicly. In regard to doing the work for \$800 million, she stated she would like to see a report showing how that amount of money was determined as there are no engineering reports and it appears to be a figure out of the air. She requested she be shown how the work could be done for \$800 million. President Caen asked Ms. Martel to comment on the bills in question.

Ms. Martel stated the three pieces of legislation were approved by the Governor in September. AB 2053 authorizes BAWUA to establish their own regional planning agency for undertaking projects that will benefit their wholesale customers. SB 1870 authorizes placing a regional financing authority to issue bonds on behalf of their represented water customers to provide \$2 billion for the potential implementation of the CIP, if San Francisco votes for the measure. AB 1823 provides very specific direction to the SFPUC about implementing the high-priority projects the Legislature has determined insure the reliability of the water delivery system to its 2.4 million users. The bill is a means by which the State may have voice through the Department of Health Services and the State Seismic Commission to ensure that when the CIP moves forward, it is done in a timely manner. If SFPUC fails on timelines, the State has mechanisms to put San Francisco on notice and that they need to address the issues as quickly as possible.

Ms. Martel stated that if a legal challenge were to be made by San Francisco on the bills, the basis on which to litigate against them would have to be identified. She stated if Supervisor Hall receives input on his request to the City Attorney's Office for analysis of the bills, and the City Attorney determines a basis for litigation, it would be up to the BOS to determine whether or not to pursue litigation. It is not within the jurisdiction of the SFPUC to take it on.

President Caen asked if his questions had been answered. Mr. Kalman stated not exactly. He remembered that the SFPUC came out against these three bills, the Commissioners made a resolution to oppose them, and they asked the General Manager to take action. Ms. Martel stated the resolution in opposition to the legislation asked the General Manager to notify the BOS and seek their support, which they did. At this date, the legislation has been approved by the Legislature and signed by the Governor, and it is not in the best interests of the SFPUC to

expend time and resources to pursue litigation in which they would not prevail. If the BOS chooses to pursue it, it would be up to them to take it on.

President Caen stated the issue is out of SFPUC's hands. Commissioner Costello commented that the BOS are the only ones that could turn it around, but that at this time with the State legislature approving the bills, he didn't foresee the BOS pursuing the matter. He stated it is a dead issue and that the voters will be voting on it soon and the election will determine what happens.

President Caen thanked Mr. Kalman for coming forth with his questions. Mr. Kalman responded that he wanted to give his input as not everyone agrees with Propositions A and E. Commissioner Costello responded that no one ever agrees 100% on propositions and that is why there is the democratic process of voting.

President Caen moved the meeting back to item 8 on the agenda.

8. Bay Area Water Users Association (BAWUA) General Manager's Report

a) A New Way of Working Together

Mr. Art Jensen, General Manager of BAWUA, thanked Mr. Mazza for his coordination of the operational activities. He commented on the Bay Area Economic Forum study, emphasizing the estimated economic impacts are for today's customers, not future customers, and that supply projects in the CIP deal with a fraction of the current drought deficit.

Mr. Jensen stated he had a serious message to deliver and that it related to the topics of the Economic Forum Study and the CIP. Public attention has focused on the health, safety and economic risks of the Hetch Hetchy system. State legislators Assemblyman Papan, Senator Speier and the Governor have acted to help ensure that the system will be fixed without delay. Three important bills were passed overwhelmingly with bipartisan support, 736 yeas and 11 nays.

The suburban entities are ready and eager to collaborate with the SFPUC to get the system fixed. They started formal resolutions in September 2000; they supported the CIP in spring/summer of 2001; they met with Mayor Willie Brown fall 2001; and they have supported legislation to shoulder their financial share. These water entities will implement their role in the new legislation by setting up a new water district, raising their share of money to fix the system, and helping the State monitor the work progress. It is expected the City & County of San Francisco, as it assured the State Legislature, will provide its share of the money to fix the system.

BAWUA, representing 29 entities, will go out of existence when the new district is formed. The new district will provide a stronger organization and the opportunity to be a stronger partner with the SFPUC. Mr. Jensen stated they look forward to a new, positive relationship with the SFPUC and want to support its efforts

recognizing the challenges facing the SFPUC. If agreements can't be reached, it will be stated clearly and constructively and alternative solutions will be sought.

Mr. Jensen stated, in the effort to fix the regional water system, BAWUA looks forward to the continuing oversight of the State legislators, State agencies and the media. The legislation clearly states the governance, control and ownership of the Bay Area regional water system does not change. It is clear, however, that the Legislature and the Governor believe the State has a vital interest in the system's reliability and protection of all its users. This State involvement represents BAWUA's interests and can be a positive factor in making sure that the system serves the interests of all the people.

Mr. Jensen concluded by stating BAWUA takes their situation and role seriously, it supports fixing the system, and working with SFPUC. He encouraged working together to get the job done for the health and safety of the people.

CONSENT CALENDAR

10. Moved by Commissioner Costello, seconded by Commissioner Bhatt, to adopt the items listed under the Consent Calendar except item 10c; passed (3-0) unanimously.
 - a) Resolution No. 02-0211: Approve the plans and specifications for Contract No. CW-311, Turk and Leavenworth Streets Sewer Replacement and authorize the Utilities Engineering Bureau Manager to advertise for bids for said contract.
 - b) Resolution No. 02-0212: Award Contract No. WD-2383, Jackson Street 8-Inch Ductile Iron Main Installation, in the amount of \$626,134 to MH Construction.
 - c) Continued: Accept work performed for Agreement No. CS-548-B, Water Quality Environmental Services and Regulatory Compliance Contract, for a final contract amount of \$892,210 to Merritt-Smith Consultants Inc.
 - d) Resolution No. 02-0213: Accept work performed for Agreement, Laboratory Information Management System (LIMS) Software Development, for a final contract amount of \$300,000 from DMC Communications, Inc.

REGULAR CALENDAR

President Caen announced that Item 11 was pulled from today's calendar.

11. Discussion and possible action related to the Bay Area Regional Water Recycling Program.

Staff Recommendation: Authorize the General Manager of Public Utilities to participate and contribute funds to the Bay Area Regional Water Recycling Program for activities associated with the Fiscal Year 2002-2003 Work Plan in an amount not to exceed \$15,300.

LEASES AND PERMITS

12. Discussion and possible action related to a revocable permit with Exxon Mobil, Inc.

Moved by Commissioner Costello, seconded by Commissioner Bhatt to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0214: Authorize the General Manager of Public Utilities to execute a revocable permit with Exxon Mobil, Inc. to use approximately 80 linear feet of SFPUC land located near the corner of Lakehaven Drive and North Lawrence Expressway in the City of Sunnyvale, CA to install up to two 4" or 6" conduits to carry treated groundwater over and across SFPUC land to an adjacent site.

13. Discussion and possible action related to a permit with Carini's Inc.

Moved by Commissioner Costello, seconded by Commissioner Bhatt to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0215: Authorize the General Manager of Public Utilities to execute a permit with Carini's Inc. of Redwood City, to use approximately 4,516 square feet of SFPUC land located at the corner of Middlefield Road and First Avenue in Redwood City, as a loading area and to park working automobiles for the adjacent furniture store.

CONSTRUCTION CONTRACTS

Amend

14. Discussion and possible action related to Contract No. WD-2340.

Mr. Michael Quan, Manager of UEB, briefly described the project and presented reasons for modifying the contract. He used slides to show the state of the Bay Division Pipelines, portions of which are above ground, others below ground. Exposure of the pipeline revealed severe corrosion and the repair became more extensive than originally envisioned, including a portion that was not originally included in the contract.

President Caen inquired why under "Context of this Action" funds for demolition were not included.

Mr. Quan stated the budget in the contract is \$1.8 million. Demolition was for some abandoned structures that were located at the site and the funds required to remove the facilities are in the several million \$-range, therefore there are inadequate funds to complete the project. The funds were for recoating and protecting the pipes.

Moved by Commissioner Costello, seconded by Commissioner Bhatt to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0216: Approve Modification No. 2 to Contract No. WD-2340, Recoating of Bay Division Pipelines Nos. 1 & 2 in the vicinity of the Irvington Pump Station, increasing the contract by \$240,000, for a total contract amount of \$727,750, and with a time extension of 30 consecutive calendar days for a total contract duration of 150 consecutive calendar days.

PROFESSIONAL SERVICE CONTRACTS

Amend

15. Discussion and possible action related to Agreements No. CS-670 A, B, C, D, and E.

Mr. Steve Medbery, Manager of Bureau of Environmental Regulation Management (BERM), stated BERM is a little more than a year through their 2-year as-needed environmental services contracts with 5 different consultants and a spending cap of \$3 million. They have greater usage and need for the services than anticipated at origination. A modification of \$1.5 million on the spending cap is being requested based on a projection of work coming in and what is needed.

President Caen stated a \$1.5 million increase is quite a bit and asked why it wasn't known there was going to be this need.

Mr. Medbery stated because the contracts are as-needed, it is not known what the issues are going to be until they come up. As work increases on the system, the environmental issues encountered are creating an increased need for assistance in this area.

Moved by Commissioner Costello, seconded by Commissioner Bhatt to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 02-0217: Authorize the General Manager of Public Utilities to execute Amendment No. 1 to Agreements No. CS-670 A, B, C, D, and E, to Baseline Consultants; Camp, Dresser McKee, Inc.; Kennedy/Jenks Consultants; Olivia Chen Consultants; and Weiss Associates, to increase the total authorized spending authority from \$3,000,000 to \$4,500,000, with no increase in term.

CLOSED SESSION

16. Public comments on matters to be discussed in Closed Session.

There were none.

17. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Costello, seconded by Commissioner Bhatt, to assert the attorney-client privilege; passed (3-0) unanimously.

The Public Utilities Commission met in Closed Session at 2:55 P.M. to discuss the following matters:

18. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Present were President Caen, Commissioner Bhatt, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Power Policy Assistant General Manager Ed Smeloff, and Deputy City Attorney Donn Furman.

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

No action was taken.

19. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Present were President Caen, Commissioner Bhatt, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Power Policy Assistant General Manager Ed Smeloff, and Deputy City Attorney Donn Furman.

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

No action was taken.

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

Nothing was discussed.

Following the Closed Session, the Commission reconvened in open session at 3:02 P.M.

21. Announcement following Closed Session.

President Caen announced the actions taken during Closed Session.

22. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Bhatt, seconded by Commissioner Costello, not to disclose the discussions during Closed Session; passed (3-0) unanimously.

Thereupon, the meeting was adjourned: 3:03 P.M.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

November 12, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

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Hetch Hetchy Water & Power
Clean Water Program
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Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100, et. seq] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at: 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) The Minutes of October 22, 2002 Regular Meeting
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) Election Results (Martel)
 - b) Solar Press Conference – November 21, 2002 (Martel)
 - c) NRDC Water Quality Report (Martel)
 - d) Capital Improvement Program Update (Martel)
 - e) Calaveras Dam Presentation (Mallett)
8. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
- a) Staff Recommendation: Approve the plans and specifications for Contract No. HH-902, O'Shaughnessy Dam Discharge Modifications, and authorize the Utilities Engineering Bureau (UEB) Manager to advertise, receive and evaluate bids.
 - b) Staff Recommendation: Approve the rejection of all bids for Contract No. CW-263, SEWPCP Interim Gravity Belt Thickener (GBT) Facility, and authorize the UEB Manager to re-advertise the contract as Contract No. CW-263R, SEWPCP Interim Gravity Belt Thickener (GBT) Facility; to receive and evaluate bids for said contract.
 - c) Staff Recommendation: Award Contract No. CW-267, 16th / 20th / 24th Streets Sewer Replacement, in the amount of \$710,717 to JMB Construction, Inc.
 - d) Staff Recommendation: Award Contract No. CW-330, Clean, De-root, Inspect, and Seal Easement Sewers Phase II, in the amount of \$252,850, to JF Pacific Liners.
 - e) Staff Recommendation: Award Contract No. WD-2376, South Van Ness Avenue 8-Inch Ductile Iron Main Installation, in the amount of \$1,457,195, to Ranger Pipelines.
 - f) Staff Recommendation: Award Contract No. WD-2384, Greenwich Street 8-Inch Ductile Iron Main Installation, in the amount of \$833,317, to J. Flores Construction.
 - g) Staff Recommendation: Accept work performed for Agreement No. CS-441, Hetch Hetchy Water Treatment Project, for a final amount of \$4,900,973.82, and authorize final payment of \$200,093.79 to the San Francisco Water Team.

- h) Staff Recommendation: Accept work performed for Agreement No. CS-548-A, Water Quality Engineering and Regulatory Compliance Contract, for a final contract amount of \$1,044,407 to Camp Dresser and McKee, Inc.
- i) Staff Recommendation: Accept work performed for Agreement No. CS-548-B, Water Quality Environmental Services and Regulatory Compliance Contract, for a final contract amount of \$884,251.00 to Merritt-Smith Consultants, Inc.
- j) Staff Recommendation: Ratify the Declaration of Emergency made by the General Manager of Public Utilities on October 16, 2002, for the repair of the Southeast Outfall.

REGULAR BUSINESS

10. Discussion and possible action related to Project No. CUW798 and Project No. CUW143. (Mallett)

Staff Recommendation: Approve a reallocation of funds, in the amount of \$645,000, from Project No. CUW798 - 1998 A and B Bond Fund Issuance Costs, to fund additional costs related to Project No. CUW143 – Hetch Hetchy Water Treatment.

11. Discussion and possible action related to a Memorandum of Understanding between City and County of San Francisco and the U.S. Department of Energy. (Smeloff)

Staff Recommendation: Recommend the Board of Supervisors approve a Memorandum of Understanding (MOU) between CCSF and the U.S. Department of Energy (USDOE) to obtain support from USDOE for the implementation of the City's renewable energy, energy efficiency and distributed generation goals; and to authorize the SFPUC and SF Department of Environment to administer and act as co-leads for this agreement between CCSF and USDOE.

12. Discussion and possible action related to a California Energy Commission grant. (Smeloff)

Staff Recommendation: Authorize the General Manager of Public Utilities to submit for approval to the Board of Supervisors a resolution to accept and expend a grant in the amount of approximately \$178,750 from the California Energy Commission to a support peak load reduction project at Moscone Convention Center.

13. Discussion and possible action related to PG&E Self-Generation Incentive Program. (Smeloff)

Staff Recommendation: Authorize the General Manager of Public Utilities to submit for approval to the Board of Supervisors a resolution to accept and expend funding in the estimated amount of \$2,127,054 from the Pacific Gas & Electric (PG&E) Self-Generation Incentive Program to support a photovoltaic energy project at Moscone Convention Center.

LEASES AND PERMITS

14. Discussion and possible action related to a permit with San Francisco State University. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a permit with San Francisco State University (SFSU), to use approximately 3,000 square feet within a sewer easement located near 19th Avenue and Holloway Avenue in San Francisco for placement of four classroom trailers while the adjacent classroom building is being retrofitted and renovated due to the 1989 earthquake.

CONSTRUCTION CONTRACTS

Award

15. Discussion and possible action related to fund transfer (between CUH941 and CUH931) and Agreement No. CS-701. (Maiolini)

Staff Recommendation: Approve the transfer of funds in the amount of \$700,000 from Project No. CUH941 – Hetch Hetchy SCADA Security & Control, East, to Project No. CUH931 – Hetch Hetchy Microwave Replacement.

Authorize the UEB Manager to negotiate and execute Agreement No. CS-701, Hetch Hetchy Microwave Replacement, for an amount not to exceed \$550,000 and with a duration of three years from the date of Controller certification, to Timberline Engineering, Inc., to assist SFPUC staff with the upgrade or replacement of the existing terrestrial microwave radio communication system for Hetch Hetchy facilities.

16. Discussion and possible action related to Contract No. HH-871. (Maiolini)

Staff Recommendation: Award Contract No. HH-871, San Joaquin Pipeline No. 1 – Replace Mortar Lining, in the amount of \$4,795,607 to a Joint Venture of Mitchell Engineering and J. Fletcher Creamer & Sons, Inc.

17. Discussion and possible action related to fund transfer (between CUH932 and CUH703) and Contract No. HH-903. (Maiolini)

Staff Recommendation: Approve transfer of funds in the amount of \$1,150,000 from Project No. CUH932 - Moccasin Central Control and Communication Building, to Project No. CUH703 – Priest Reservoir Bypass.

Award Contract No. HH-903, Priest Reservoir Bypass - Pipeline, in the amount of \$8,416,509, to Proven Management, Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

18. Discussion and possible action related to AB 303 funds. (Arena)

Staff Recommendation: Authorize the General Manager of Public Utilities to submit for approval to the Board of Supervisors a resolution to accept and expend a grant for seawater intrusion monitoring wells at the Westside Basin.

19. Discussion and possible action related to Agreement No. CS-714. (Berry)

Staff Recommendation: Authorize the General Manager of Public Utilities to advertise and request proposals for Agreement No. CS-714, Organizational Performance Assessment Services, receive proposals for said professional services agreement, conduct a selection procedure to identify the best qualified consulting firm to provide/assist SFPUC staff in optimizing its management and operations policies, procedures, and work practices in alignment with the SFPUC's strategic goals, negotiate contract terms and conditions, and return to the Commission for approval to execute a professional services agreement.

Award

20. Discussion and possible action related to Agreement No. CS-672.F. (Medbery)

Staff Recommendation: Approve the selection of the ESA+Orion Joint Venture (composed of Environmental Science Associates and Orion Associates) and authorize the General Manager of Public Utilities to negotiate and execute Agreement No. CS-672.F, Environmental Monitoring for the Hetch Hetchy Water Treatment Project—Chloramine Conversion (the project). The services under this agreement shall be provided for a total budgeted amount not to exceed \$345,000 and a term of sixteen months from the date of Controller certification.

CLOSED SESSION

21. Public comments on matters to be discussed in Closed Session.
22. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation: Robert T. Von Junsch, Claim No. 01-W-6046-3.

27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Clayton)

Existing Litigation: CSAA-IIB as subrogee for Doretha Albert, Claim No. 03-00978.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL
RECONVENE IN PUBLIC SESSION.

28. Announcement following Closed Session.

29. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

NOTICE OF PUBLIC HEARING

Notice is hereby given that the San Francisco Public Utilities Commission will conduct a public hearing on Tuesday, December 3, 2002, at 10:00 A.M. in City Hall, Room 416, 1 Dr. Carlton B. Goodlett Place, San Francisco, California, to consider amending the Rules of Order of the San Francisco Public Utilities Commission.



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

DOCUMENTS DEPT.

MINUTES

DEC - 4 2002

SAN FRANCISCO
PUBLIC LIBRARY

November 12, 2002
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Customer Service
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 1:33 P.M.
2. Roll Call: Present – President Ann Moller Caen, Commissioner Ashok K. Bhatt, Commissioner Jeffrey A. Chen, Commissioner Robert J. Costello

Excused – Vice President E. Dennis Normandy

3. Approval of Minutes

Moved by Commissioner Bhatt, seconded by Commissioner Costello, to adopt the Minutes of the October 22, 2002 Regular Meeting; passed (4-0) unanimously.

4. Communications

No action taken.

5. Old/Ongoing Business by Commissioners

Commissioner Bhatt thanked General Manager Patricia E. Martel and staff for the achievements on Proposition A. He credited San Francisco citizens, the San Francisco Chamber of Commerce, unions and BAWUA for their support of the measure. He acknowledged the work Ms. Martel accomplished in her first year of work with the SFPUC.

Commissioner Bhatt made several requests: (1) move forward with the oversight committees quickly and that Ms. Martel provide updated information at the next meeting, (2) send all press releases to the minority news media in the interest of informing those populations and urged that MBE and WBE contractors be given equal opportunities by the SFPUC, and (3) investigate desalination solutions for drought conditions and develop 2-3 proposals for consideration. He received a desalination article from the San Diego utilities district to share.

President Caen requested the article be copied and faxed to the Commissioners. She asked Ms. Martel if Jacobs was 12B compliant. Ms. Martel stated they are.

6. Introduction of New Business by Commissioners

President Caen announced that Vice President Normandy is making great progress and will be at the next meeting.

7. Report of the General Manager

Ms. Martel prefaced her scheduled report to advise the Commission on several urgent situations. Taste and odor complaints were received last week. It was not widespread, but came from several locations. The problem was isolated and was determined to be a major algae bloom at Calaveras Dam.

On Sunday, the San Joaquin Pipeline #3 (SJP3) ruptured and was taken out of service. The cause was a 2x4 inch hole. San Joaquin Pipeline #1 (SJP1) was put into service as a result. Identifying problems and repair began fairly quickly. Switching from SJP3 to SJP1 had operational impacts on the system and disrupted supplies. After repairing SJP3, an additional problem occurred when putting it back into service, involving a valve gate that allows water to flow back into the pipeline. Crews were working on the repair. The breakdowns impacted the system's ability to provide the necessary supplies to meet peak demand. Notifications were sent out to all wholesale customers advising them of the serious problems. On Monday customers were advised that they were going to have to rely on storage capability and pumping to try and meet peak demand. Today, customers were alerted the problems are continuing and to limit their pumping between 8:00 PM to 5:00 AM.

Mr. Don Larramendy, Capital Program Liaison, apprised the Commission with a technical update. After repairing SJP3, the system was reregulated at the gate where water is controlled that feeds the tunnel prior to the three San Joaquin Pipelines. The operating mechanism that raises and lowers the gate was broken. Using underwater cameras, it was discerned that a coupling that links the shaft and regulating gate together broke. Certified underwater welders, a crane and a container to put the welder in are being sought for the repair. The repair will be made while the facility is still in operation. If it results in a temporary repair, a permanent one will be scheduled in the future.

President Caen asked if SJP1 was still being used.

Mr. Larramendy stated SJP1 is still in service. He explained the system could not bring down enough water from Hetch Hetchy to supply customers with the reductions resulting from shutting down SJP3 to SJP1. Normally, the Sunol Filter Plant would be used to make up the difference, but it is under major construction and operating at 50% capacity.

a) Election Results

Ms. Martel thanked Commissioner Bhatt for his compliments and the Commissioners for their ongoing support during her first year. She stated she could never have achieved success on her CIP priority without the support, dedication and commitment of the SFPUC staff. She thanked staff for their efforts. She stated the real work starts now for implementing the CIP. Though many challenges lie ahead, she feels confident that SFPUC can rise to the challenge. Her new mantra for SFPUC is "on time and on budget." SFPUC capabilities will be

directed towards achieving the CIP milestones and reporting in the annual reports that commitments have been met each year on time and on budget.

Ms. Martel thanked the Chamber of Commerce for making the CIP their number one effort this past year. She stated the election results restored her confidence in San Francisco voters' ability to deal with complex issues and to rely on facts in making policy decisions for the City. She stated her job now is to restore the public's confidence in the SFPUC.

There were three key results from last week's election.

Proposition A, the water bond measure, was approved giving SFPUC the authority to issue \$1.6 billion in water revenue bonds to move forward with the CIP.

Proposition E was approved. It authorizes the BOS, in consultation with Ms. Martel and the Commission, to establish a Citizen's Advisory Board (CAB). CAB will provide recommendations to Ms. Martel and the Commission on implementation of the CIP. The proposition also authorizes establishment of a Rate Fairness Board (RFB). Collaboration with the Clerk of the BOS will be done to identify how CAB and RFB will be constituted. The SFPUC rate study will be moving forward soon. For this reason, the RFB's activities will not become as visible immediately as will the CAB.

Proposition P was approved and provides for a Revenue Bond Oversight Committee (RBOC) of seven members. Each member will have a four-year term and can only serve two consecutive terms. This oversight committee will have the power and authority to conduct independent reviews and audits of the CIP and to issue CIP-related bonds. RBOC will have authority to hold public hearings and to provide recommendations on issuance of SFPUC revenue bonds. RBOC can review disbursements and expenditures to verify bond funds are being expended for the stated purposes. If illegal expenditures are found, RBOC can consult with the City Attorney to take action.

Ms. Martel stated she welcomes having scrutiny. She felt that after working out the logistics of the oversight committees in the first year, it would become routine working with them and that they would not slow down moving forward.

President Caen praised San Francisco voters for passing Proposition A. She thanked her fellow Commissioners for their work and acknowledged Ms. Martel's accomplishments on the CIP and her work during her first year as General Manager. She thanked SFPUC staff for their work on the CIP during the last five years. She credited the Chamber of Commerce for their participation.

b) Solar Press Conference – November 21, 2002

SFPUC is hosting a solar press conference on November 21 related to the Moscone Solar Project. It will be at 11:00 AM in the Rotunda of City Hall. Mayor Willie Brown, elected officials and Commissioners will be present. In addition, Robert Redford, long-time supporter of solar and sustainable energies, will speak in support of the project.

c) NRDC Water Quality Report

A week before the election, the Natural Resources Defense Council (NRDC) issued a preliminary report concerning the condition of drinking water systems in the U.S. The preliminary report released was the California portion; the U.S. report will be issued in the next 1-2 months. It seems the California report was issued because Proposition 50 was on the statewide ballot, and because of San Francisco's water-related measures.

The report highlighted issues NRDC found with grading drinking water systems in the U.S. The California report indicated issues related to several state-water agencies: SFPUC, Fresno and Los Angeles. The issues were related to water quality problems, public notifications regarding drinking water quality, infrastructure and water treatment facilities. In reviewing the NRDC report, Water Quality (WQ) staff identified several inaccuracies in the report. WQ is putting together a report to send to NRDC outlining the inaccuracies.

The NRDC report highlighted the SFPUC water supply exceeds a new Environmental Protection Agency (EPA) tap water standard for trihalomethanes. The data in the report was a couple of years old. Current samples in the system indicate lower levels. The updated data will be sent for NRDC to correct information in the report. Additionally, EPA gave SFPUC an extension to meet their standard because of work on the system. The extension goes to 2004, at which time issues will be eliminated. Issues were raised about SFPUC's annual water quality report sent to users. NRDC claims the language is not accurate and cited the report says "high quality water." They assessed by their standards it is "good water." Their rating scale for water quality indicated SFPUC is in the range between "fair and poor." Based on this, NRDC stated SFPUC needs to give more detailed notification to the public. WQ staff believe the report is not as serious as initially thought. All of these issues will be addressed in the report WQ is preparing for the NRDC. The report will be provided to the Commission when it is completed.

Ms. Martel added that NRDC communicated they were in opposition to the CIP and its bond measure, but supported Proposition 50. She felt the serious focus on San Francisco concerns would be lessened when the full report is made public later this year.

President Caen asked on what grounds NRDC opposed the CIP.

Ms. Martel stated they opposed it taking the environmental position that SFPUC was expanding its capacity and that it would have an impact on urban sprawl as well as their desire that SFPUC provide funding for the Restore Hetch Hetchy effort. Opposition had nothing to do with improvements to water treatment facilities addressed in their report.

d) Capital Improvement Program Update

Ms. Martel stated notification was received from Jacobs a week ago indicating they had completed all the necessary paperwork to be 12B compliant.

The CIP is moving forward. Staffing plans and organizational structure are developing to undertake all the CIP activities. A series of meetings are being held with the joint venture WIP and Local 21 representatives to provide briefings to Local 21. The briefings are to educate Local 21 on the Program Management Contract (PMC) and to discuss the issues they have with the PMC and their concern for downscaling it as presented to the Finance Committee. Local 21 has raised areas for potential modification on the contract that will result in a proposal to be recommended to the Commission.

Supervisor Aaron Peskin, Chair of the Finance Committee, will not be holding any more hearings until discussions with Local 21 have concluded and the Commission has been apprised of modifications. It is hoped a meeting will be scheduled in December to present the proposal as well as to provide a final report on the second year of the PMC and to present a proposal for the third year of the PMC beginning in December.

The critical CIP positions and activities that will fall under supplemental appropriations are being identified and will be brought before the Commission in January. The funding is not in place to hire all the necessary personnel for the CIP. Supplemental appropriation is required to meet the six-month gap because CIP bonds will not be issued until July 2003. All the related details being pulled together now will be presented to the Commission in January.

Commissioner Bhatt inquired on the status of the second-year funding.

Ms. Martel stated there was sufficient funding to complete the second year of the contract. The Finance Committee authorized an extension of time until December to complete the second year because of the transition from Bechtel to Jacobs and to complete the tasks outlined in the second-year scope. The funding was in place for this. In December the funding will be depleted and it will be time to get the BOS authorization to move forward with the third year and necessary funding.

e) Calaveras Dam Presentation

Ms. Martel introduced the report stating SFPUC has been doing alternatives analysis on the Calaveras Dam (CD). During the CIP process, the community has made assumptions about the type and scope of the CD project. This report was prepared to provide the Commission with an update on the alternatives work.

Ms. Patty Mallett, UEB Project Manager, gave a brief background on the CD. Dam construction began in 1912. A hydraulic fill failure of the upstream dam face occurred in 1918. There were no issues with the dam until 1993. It was found that the dam had settled about 8 inches during the outlet modification construction. Annual measurements of dam water level are sent to the Department of Safety of Dams (DSOD). Data collected from 1995 to the present indicated there is potential for increased liquefaction and decreased stability. In 1999, a consultant was hired to review/evaluate the field data for seismic stability of the dam. In 2000, a Review and Evaluation Report and Phase II Work Plan were completed. In 2001, DSOD approved Phase II Work Plan was initiated. In 2001, DSOD requested SFPUC to reduce the operating storage in the reservoir to 30% maximum capacity. The goal of the overall Phase II work is to provide the engineering basis for maximum safe operating level of the Calaveras Reservoir.

Ms. Mallet showed slides of the reservoir at its normal water level, and its current 28% of maximum capacity. Calaveras provides 40% of Bay Area storage. With 30% of its storage available, approximately 30% of the overall Bay Area storage has been taken away

Since the last update, these developments have occurred or are planned. The Phase II Draft Report was submitted to DSOD on 10/22/02. The report recommends that the current 30% maximum storage level be maintained. Staff plan to meet with DSOD later in November to get their final comments on the report. The Phase II Report is to be finalized by the end of 2002.

Preliminary engineering for the repair/replacement of CD has been pursued. Alternatives are being identified. A consultant did the preliminary engineering, the scope of which includes: (1) provide a Peer Review of Phase II Report, (2) develop project objectives and preliminary list of alternatives, (3) develop project delivery alternatives, including project schedule and cost estimates, and (4) develop environmental permit reconnaissance and compliance strategy. The final work product is to be completed by the end of 2002.

Major project objectives have been identified in the preliminary engineering. They include: (1) mitigate public dam safety concerns, (2) withstand major earthquake and remain stable, (3) restore reservoir storage capacity/water supply ASAP, (4) minimize environmental impacts, (5) evaluate the potential alternative to provide regional storage, and (6) accomplish project objectives in the most cost effective method.

Preliminary alternatives have been identified in the preliminary engineering. There are two options: (1) dam repair alternatives and (2) dam replacement and enlargement alternatives. The first option could be (a) buttressing or (b) buttressing with stone column reinforcement. The second option could be (a) an earthfill dam, (b) an earth-core rockfill dam, (c) a concrete-faced rockfill dam, or (d) a roller-compacted concrete dam. Each option has distinct advantages and disadvantages. In summary, repair options are least expensive, but don't meet objective for dam to remain functional after major earthquake. There are multiple options for rebuilding the dam downstream of the existing site. The schedule to rebuild the dam is 8 years. Ms. Mallett showed a slide of the potential dam replacement scheme.

A slide of a draft schedule was displayed showing conceptual engineering taking 2.5 years, environmental review taking 2 years, design taking 2 years, and construction 3 years. Time also needs to be included for consultant selection, bid and award, etc. This makes the schedule of 8 years optimistic and it likely would get extended.

The operational issues through 2010 are: (1) supply issues, which include, a) drought protection—reduced operating level corresponds to reduces supply, b) if Hetch hetchy is off-line, reduced local supply to meet demands, and c) lost water [5 billion gallons] from discharges to maintain reduced operating level; (2) water quality issues—lower level may yield degraded water quality; and (3) flexibility issues—reduced options to accommodate unforeseen conditions.

The steps in the near future are: (1) finalize the Phase II Report and preliminary engineering by the end of 2002, and (2) get Commission approval for conceptual engineering consultant selection process in December 2002. Swift project implementation is critical to reliable operation of the SFPUC's system

President Caen asked what would be the cost of the repair of the dam.

Ms. Mallett stated the consultant was developing preliminary cost estimates at this phase and it is estimated the dam repair for construction would be \$75 million. She stated that the required regulatory approvals for repair could make the process as long as building a new dam. She stated the consultant was going to develop different schedule scenarios, to be presented to the Commission at a later date.

President Caen asked if the system could go through 8 years at 30% capacity.

Cheryl Davis, Acting Assistant General Manager of Operations, stated Operations is experiencing an excruciating period and summarized that things get worse before they get better. She stated it was thought there would be water quality problems at Calaveras and that the system is running at risk by having the Sunol Valley Treatment Plant offline. She stated, as a regional water system, there is a need to work with customers on backup plans, interconnections, storage, etc., to

deal with the problems in the region. She stated SFPUC will be looking into ways to make the system more flexible to operate.

Commissioner Bhatt asked if a new dam was built, could the existing dam provide a 30% continued level.

Ms. Mallett stated that with one of the options, the reservoir could be kept at its 30% level during construction. With some of the options, that wouldn't be feasible and the storage wouldn't be available for some indeterminate time period.

Commissioner Bhatt stated it would be helpful to get all the cost estimates for repair of the old dam and construction of a new dam, details on storage, capacity, etc., in determining which direction to move on the project.

Ms. Mallett stated some of the work will be done during the early phases of the conceptual engineering phase.

Commissioner Bhatt asked about the capacity of the new dam.

Ms. Mallett stated the CIP included up to 670,000 acre feet. To get that high, not only would the enlarged dam be built, but also a saddle dam over the Calaveras Fault. It would be extremely difficult to get that approved by DSOD. To avoid that, there could be a 400,000-420,000 acre storage reservoir area.

Commissioner Bhatt asked when the proposal would be final.

Ms. Mallett stated she hoped that by the end of the preliminary engineering there would be a preliminary estimate. The conceptual engineering phase will firm up the numbers, so that by the end of the year, there would be information.

8. Public Comments on matters not on today's agenda.

There were none.

CONSENT CALENDAR

9. Moved by Commissioner Bhatt, seconded by Commissioner Costello, to adopt the items a, c-f and h-j listed under the Consent Calendar; passed (4-0) unanimously
President Caen removed items 9b and 9g to be heard separately.

- a) Resolution No. 02-0218: Approve the plans and specifications for Contract No. HH-902, O'Shaughnessy Dam Discharge Modifications, and authorize the Utilities Engineering Bureau (UEB) Manager to advertise, receive and evaluate bids.

- c) Resolution No. 02-0219: Award Contract No. CW-267, 16th / 20th / 24th Streets Sewer Replacement, in the amount of \$710,717 to JMB Construction, Inc.
- d) Resolution No. 02-0220: Award Contract No. CW-330, Clean, De-root, Inspect, and Seal Easement Sewers Phase II, in the amount of \$252,850, to JF Pacific Liners.
- e) Resolution No. 02-0221: Award Contract No. WD-2376, South Van Ness Avenue 8-Inch Ductile Iron Main Installation, in the amount of \$1,457,195, to Ranger Pipelines.
- f) Resolution No. 02-0222: Award Contract No. WD-2384, Greenwich Street 8-Inch Ductile Iron Main Installation, in the amount of \$833,317, to J. Flores Construction.
- h) Resolution No. 02-0223: Accept work performed for Agreement No. CS-548-A, Water Quality Engineering and Regulatory Compliance Contract, for a final contract amount of \$1,044,407 to Camp Dresser and McKee, Inc.
- i) Resolution No. 02-0224: Accept work performed for Agreement No. CS-548-B, Water Quality Environmental Services and Regulatory Compliance Contract, for a final contract amount of \$884,251.00 to Merritt-Smith Consultants, Inc.
- j) Resolution No. 02-0225: Ratify the Declaration of Emergency made by the General Manager of Public Utilities on October 16, 2002, for the repair of the Southeast Outfall.

President Caen asked where the \$5 million in the item is coming from. Mr. Maiolini, Commission Liaison, stated it came from Catellus. President Caen asked if they were rebidding it. Mr. Maiolini stated they wanted to rebid it for removing a small portion of the project.

Moved by Commissioner Bhatt, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously.

- b) Resolution No. 02-0226: Approve the rejection of all bids for Contract No. CW-263, SEWPCP Interim Gravity Belt Thickener (GBT) Facility, and authorize the UEB Manager to re-advertise the contract as Contract No. CW-263R, SEWPCP Interim Gravity Belt Thickener (GBT) Facility; to receive and evaluate bids for said contract.

President Caen asked several questions pertaining to the Resolution for item 9g. She wanted verification that extensions were for time and that monies were not increasing on the contract. Mr. Maiolini verified all amendments were for time only with no funding increases.

Moved by Commissioner Costello, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously.

- g) Resolution No. 02-0227: Accept work performed for Agreement No. CS-441, Hetch Hetchy Water Treatment Project, for a final amount of \$4,900,973.82, and authorize final payment of \$200,093.79 to the San Francisco Water Team.

REGULAR CALENDAR

10. Discussion and possible action related to Project No. CUW798 and Project No. CUW143.

Moved by Commissioner Chen, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

- Resolution No. 02-0228: Approve a reallocation of funds, in the amount of \$645,000, from Project No. CUW798 - 1998 A and B Bond Fund Issuance Costs, to fund additional costs related to Project No. CUW143 – Hetch Hetchy Water Treatment.

11. Discussion and possible action related to a Memorandum of Understanding between City and County of San Francisco and the U.S. Department of Energy.

Mr. Ed Smeloff, Assistant General Manager of Power Policy, Planning and Resource Development, stated the purpose of the Memorandum of Understanding (MOU) is to promote renewable energy, energy efficiency and distributed energy technologies in San Francisco. A supporting activity within the MOU would be for San Francisco to share with other cities and share their experiences with implementing their 2001 renewable energy bond initiatives—Propositions B and H. The U. S. Department of Energy (USDOE) would host a forum for this. Potential developments at Hunters Point and Treasure Island are being investigated. USDOE will work with SFPUC on technical assistance and implementation at those sites. USDOE will help SFPUC do outreach to schools as well as collaborative work through several programs: Million Solar Roof, Build America, Clean Cities and Energy Start. SFPUC's commitment under the MOU is to develop a project work plan and to coordinate with other local and city agencies.

Commissioner Bhatt commended Mr. Smeloff for his efforts to bring energy efficiency to San Francisco and for the support of USDOE.

Moved by Commissioner Bhatt, seconded by Commissioner Costello to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0229: Recommend the Board of Supervisors approve a Memorandum of Understanding (MOU) between CCSF and the U.S. Department of Energy (USDOE) to obtain support from USDOE for the implementation of the City's renewable energy, energy efficiency and distributed generation goals; and to authorize the SFPUC and SF Department of Environment to administer and act as co-leads for this agreement between CCSF and USDOE.

12. Discussion and possible action related to a California Energy Commission grant.

Moved by Commissioner Chen, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0230: Authorize the General Manager of Public Utilities to submit for approval to the Board of Supervisors a resolution to accept and expend a grant in the amount of approximately \$178,750 from the California Energy Commission to a support peak load reduction project at Moscone Convention Center.

13. Discussion and possible action related to PG&E Self-Generation Incentive Program.

Moved by Commissioner Bhatt, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0231: Authorize the General Manager of Public Utilities to submit for approval to the Board of Supervisors a resolution to accept and expend funding in the estimated amount of \$2,127,054 from the Pacific Gas & Electric (PG&E) Self-Generation Incentive Program to support a photovoltaic energy project at Moscone Convention Center.

LEASES AND PERMITS

14. Discussion and possible action related to a permit with San Francisco State University.

Moved by Commissioner Chen, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0232: Authorize the General Manager of Public Utilities to execute a permit with San Francisco State University (SFSU), to use approximately 3,000 square feet within a sewer easement located near 19th Avenue and Holloway Avenue in San Francisco for placement of four classroom trailers while the adjacent classroom building is being retrofitted and renovated due to the 1989 earthquake.

CONSTRUCTION CONTRACTS

Award

15. Discussion and possible action related to fund transfer (between CUH941 and CUH931) and Agreement No. CS-701.

Moved by Commissioner Costello, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0233: Approve the transfer of funds in the amount of \$700,000 from Project No. CUH941 – Hetch Hetchy SCADA Security & Control, East, to Project No. CUH931 – Hetch Hetchy Microwave Replacement.

Authorize the UEB Manager to negotiate and execute Agreement No. CS-701, Hetch Hetchy Microwave Replacement, for an amount not to exceed \$550,000 and with a duration of three years from the date of Controller certification, to Timberline Engineering, Inc., to assist SFPUC staff with the upgrade or replacement of the existing terrestrial microwave radio communication system for Hetch Hetchy facilities.

16. Discussion and possible action related to Contract No. HH-871.

Public Comment:

Mike Silva, Mitchell Engineering, stated he was in attendance to thank SFPUC for the opportunity to work on the project. The joint venture is prepared to work and eager to start and finish on time and on budget. George Mallakis, J. Fletcher Creamer & Sons, congratulated the passage of Proposition A. He stated they look

forward to an award, are hopeful that paperwork will be expedited, and that construction can begin to help rehabilitate the pipeline soon.

Moved by Commissioner Costello, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously

Resolution No. 02-0234: Award Contract No. HH-871, San Joaquin Pipeline No. 1 – Replace Mortar Lining, in the amount of \$4,795,607 to a Joint Venture of Mitchell Engineering and J. Fletcher Creamer & Sons, Inc.

17. Discussion and possible action related to fund transfer (between CUH932 and CUH703) and Contract No. HH-903.

Moved by Commissioner Bhatt, seconded by Commissioner Chen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0235: Approve transfer of funds in the amount of \$1,150,000 from Project No. CUH932 - Moccasin Central Control and Communication Building, to Project No. CUH703 – Priest Reservoir Bypass.

Award Contract No. HH-903, Priest Reservoir Bypass - Pipeline, in the amount of \$8,416,509, to Proven Management, Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

18. Discussion and possible action related to AB 303 funds.

Moved by Commissioner Chen, seconded by Commissioner Costello to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0236: Authorize the General Manager of Public Utilities to submit for approval to the Board of Supervisors a resolution to accept and expend a grant for seawater intrusion monitoring wells at the Westside Basin.

19. Discussion and possible action related to Agreement No. CS-714.

Ms. Martel stated during the budget process this past year she made a request to the Commission to include funding in the budget request for this year to complete a performance assessment. The Commission felt it needed further review.

Ms. Martel stated that it became apparent during the CIP outreach meetings that the SFPUC was not operating as efficiently and effectively as could be. Funding a performance assessment was not included in the FY 2002-2003 budget. Since then, some funds were found which could allow the SFPUC to begin a limited performance assessment. Once a track record was established, demonstrating beneficial information which could enhance the working of the SFPUC, additional funding could be requested for FY 2003-2004.

The City Attorneys' Office recommended that SFPUC go out to bid for this service and that is why the item is on the agenda today. If approved, it can be advertised. After review of all the bids, a recommendation will be brought to the Commission.

Since this initial review is limited in scope because of funding, only an assessment would be provided for Water Supply and Treatment (WS&T), Hetch Hetchy Water and Power (HHWP) and WQ.

It is critical to get a better understanding in areas where the SFPUC can enhance its operational capability and be able to return to the Commission with recommendations with respect to restructuring the regional water operations in a more efficient and effective manner.

Commissioner Bhatt asked if there was minority media that was utilized for advertisement. Ms. Martel stated SFPUC utilizes the normal notification process in order to advertise for bids.

Ms. Wendy Iwata, Manager of Capital Program Resources, stated advertisements are issued to the full certified City list of consultants. She stated SFPUC does outreach to the HRC certified list of MBE's and WBE's and that the list is both a City list and a MBE/WBE list. She stated SFPUC advertised in the City certified newspaper for advertisements.

Commissioner Bhatt requested a copy of the list by the next meeting. He stated he wanted to see how many MBE and WBE were involved.

President Caen asked her to elaborate on how it was decided which tasks to do first, second, third and fourth.

Ms. Martel stated task one areas are related to the regional water system. Because of the critical nature of the CIP in the regional area, issues such as maintaining operations, while moving forward with construction projects, must be studied. There will be a focus on power-related issues and power-related projects and identifying how they interface with HHWP.

The second task will study City Distribution Division, Water Pollution Control and the Bureau of Environmental Regulation and Management—the support services

of the local water operation. A sewer system master plan will also be developed for the future.

As the CIP moves forward, focus will be placed on improvements for the Utilities Engineering Bureau, the CIP group, and the Bureau of Strategic and Systems Planning. There will be capability of assessing whether the organizational structure being put in place is delivering the needed results.

The final task focuses on the ancillary support services—this includes the General Managers Office, Customer Service, Financial Services, Human Resource Services, Information Technology Services, and Real Estate Services. At this point, all the operating units and support services have been studied and organizations and structural changes can be made, subject to the approval of the Commission.

Commissioner Chen stated originally when this came before the Commission he had concerns about it. With the passage of Proposition A, he feels it is a useful tool and that management at SFPUC needs to be reassessed.

Moved by Commissioner Chen, seconded by Commissioner Costello to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0237: Authorize the General Manager of Public Utilities to advertise and request proposals for Agreement No. CS-714, Organizational Performance Assessment Services, receive proposals for said professional services agreement, conduct a selection procedure to identify the best qualified consulting firm to provide/assist SFPUC staff in optimizing its management and operations policies, procedures, and work practices in alignment with the SFPUC's strategic goals, negotiate contract terms and conditions, and return to the Commission for approval to execute a professional services agreement.

Award

20. Discussion and possible action related to Agreement No. CS-672.F.

Moved by Commissioner Costello, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0238: Approve the selection of the ESA+Orion Joint Venture (composed of Environmental Science Associates and Orion Associates) and authorize the General Manager of Public Utilities to negotiate and execute Agreement

No. CS-672.F, Environmental Monitoring for the Hetch Hetchy Water Treatment Project—Chloramine Conversion (the project). The services under this agreement shall be provided for a total budgeted amount not to exceed \$345,000 and a term of sixteen months from the date of Controller certification.

CLOSED SESSION

21. Public comments on matters to be discussed in Closed Session.

There were none.

22. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Bhatt, seconded by Commissioner Costello, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 3:28 P.M. to discuss the following matters:

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Present were President Caen, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, and SFPUC Power Policy Assistant General Manager Edward Smeloff.

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

No action was taken.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Present were President Caen, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, and SFPUC Power Policy Assistant General Manager Edward Smeloff.

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

No action was taken.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

Nothing was discussed.

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Present were President Caen, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Existing Litigation: Recommend a settlement in the case of Robert T. Von Junsch, Claim No. 01-W-6046-3.

Resolution No. 02-0239

27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Present were President Caen, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Existing Litigation: Recommend a settlement in the case of CSAA-IIB as subrogee for Doretha Albert, Claim No. 03-00978.

Resolution No. 02-0240

Following the Closed Session, the Commission reconvened in open session at 3:36 P.M.

28. Announcement following Closed Session.

President Caen announced the actions taken during Closed Session.

29. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Bhatt, seconded by Commissioner Costello, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

Thereupon, the meeting was adjourned: 3:37 P.M.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
1155 MARKET ST., 4TH FLOOR, SAN FRANCISCO, CA 94103 • TEL (415) 554-3155 • FAX (415) 554-3161



WILLIE L. BROWN, JR.
MAYOR

ANN MOLLER CAEN
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E. DENNIS NORMANDY
VICE PRESIDENT

ASHOK KUMAR BHATT
JEFFREY A. CHEN
ROBERT J. COSTELLO

PATRICIA E. MARTEL
GENERAL MANAGER

NOTICE OF CANCELLATION

The Regular Meetings of the San Francisco Public Utilities Commission scheduled for Tuesday, November 26, 2002, Tuesday, December 10, 2002, and Tuesday, December 24, 2002 at 1:30 P.M. in City Hall, Room #400, have been cancelled.

Special Meetings of the San Francisco Public Utilities Commission have been scheduled for Tuesday, December 3, 2002 and Wednesday, December 18, 2002, at 10 A.M. in City Hall, Room #416.

Mary Y. Jung
Secretary

DOCUMENTS DEPT.

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

SPECIAL MEETING

December 3, 2002
10:00 A.M.
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

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COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Customer Service
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100, et. seq] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at: 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of the November 12, 2002 Regular Meeting
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) BAWUA Board Meeting Report (Martel)
 - b) Chamber of Commerce Retreat (Martel)
 - c) 1155 Market Street Lease (Martel)
 - d) Program Management Contract (Martel)
8. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

9. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
- a) Staff Recommendation: Ratify the actions taken to approve various items at the Regular Meeting of the Public Utilities Commission of November 12, 2002. (Any resolution listed below can be removed from the Consent Calendar and considered as a separate item at the request of a member of the Commission or the public.)
- (1) Resolution No. 02-0218: (Item No. 9a) Approve the plans and specifications for Contract No. HH-902, O'Shaughnessy Dam Discharge Modifications, and authorize the Utilities Engineering Bureau (UEB) Manager to advertise, receive and evaluate bids.
- (2) Resolution No. 02-0219: (Item No. 9c) Award Contract No. CW-267, 16th / 20th / 24th Streets Sewer Replacement, in the amount of \$710,717 to JMB Construction, Inc.
- (3) Resolution No. 02-0220: (Item No. 9d) Award Contract No. CW-330, Clean, De-root, Inspect, and Seal Easement Sewers Phase II, in the amount of \$252,850, to JF Pacific Liners.
- (4) Resolution No. 02-0221: (Item No. 9e) Award Contract No. WD-2376, South Van Ness Avenue 8-Inch Ductile Iron Main Installation, in the amount of \$1,457,195, to Ranger Pipelines.
- (5) Resolution No. 02-0222: (Item No. 9f) Award Contract No. WD-2384, Greenwich Street 8-Inch Ductile Iron Main Installation, in the amount of \$833,317, to J. Flores Construction.
- (6) Resolution No. 02-0223: (Item No. 9h) Accept work performed for Agreement No. CS-548-A, Water Quality Engineering and Regulatory Compliance Contract, for a final contract amount of \$1,044,407 to Camp Dresser and McKee, Inc.
- (7) Resolution No. 02-0224: (Item No. 9i) Accept work performed for Agreement No. CS-548-B, Water Quality Environmental Services and Regulatory Compliance Contract, for a final contract amount of \$884,251.00 to Merritt-Smith Consultants, Inc.

- (8) Resolution No. 02-0225: (Item No. 9j) Ratify the Declaration of Emergency made by the General Manager of Public Utilities on October 16, 2002, for the repair of the Southeast Outfall.
- (9) Resolution No. 02-0226: (Item No. 9b) Approve the rejection of all bids for Contract No. CW-263, SEWPCP Interim Gravity Belt Thickener Facility, and authorize the UEB Manager to re-advertise the contract as Contract No. CW-263R, SEWPCP Interim Gravity Belt Thickener Facility; to receive and evaluate bids for said contract.
- (10) Resolution No. 02-0227: (Item No. 9g) Accept work performed for Agreement No. CS-441, Hetch Hetchy Water Treatment Project, for a final amount of \$4,900,973.82, and authorize final payment of \$200,093.79 to the San Francisco Water Team.
- (11) Resolution No. 02-0228: (Item No. 10) Approve a reallocation of funds, in the amount of \$645,000, from Project No. CUW798 - 1998 A and B Bond Fund Issuance Costs, to fund additional costs related to Project No. CUW143 – Hetch Hetchy Water Treatment.
- (12) Resolution No. 02-0229: (Item No. 11) Recommend the Board of Supervisors approve a Memorandum of Understanding (MOU) between CCSF and the U.S. Department of Energy (USDOE) to obtain support from USDOE for the implementation of the City's renewable energy, energy efficiency and distributed generation goals; and authorize the SFPUC and SF Department of Environment to administer and act as co-leads for this agreement between CCSF and USDOE.
- (13) Resolution No. 02-0230: (Item No. 12) Authorize the General Manager of Public Utilities to submit for approval to the Board of Supervisors a resolution to accept and expend a grant in the amount of approximately \$178,750 from the California Energy Commission to a support peak load reduction project at Moscone Convention Center.
- (14) Resolution No. 02-0231: (Item No. 13) Authorize the General Manager of Public Utilities to submit for approval to the Board of Supervisors a resolution to accept and expend funding in the estimated amount of \$2,127,054 from the Pacific Gas & Electric (PG&E) Self-Generation Incentive Program to support a photovoltaic energy project at Moscone Convention Center.

- (15) Resolution No. 02-0232: (Item No. 14) Authorize the General Manager of Public Utilities to execute a permit with San Francisco State University (SFSU), to use approximately 3,000 square feet within a sewer easement located near 19th Avenue and Holloway Avenue in San Francisco for placement of four classroom trailers while the adjacent classroom building is being retrofitted and renovated due to the 1989 earthquake.
- (16) Resolution No. 02-0233: (Item No. 15) Approve the transfer of funds in the amount of \$700,000 from Project No. CUH941 – Hetch Hetchy SCADA Security & Control, East, to Project No. CUH931 – Hetch Hetchy Microwave Replacement.
- Authorize the UEB Manager to negotiate and execute Agreement No. CS-701, Hetch Hetchy Microwave Replacement, for an amount not to exceed \$550,000 and with a duration of three years from the date of Controller certification, to Timberline Engineering, Inc., to assist SFPUC staff with the upgrade or replacement of the existing terrestrial microwave radio communication system for Hetch Hetchy facilities.
- (17) Resolution No. 02-0234: (Item No. 16) Award Contract No. HH-871, San Joaquin Pipeline No. 1 – Replace Mortar Lining, in the amount of \$4,795,607 to a Joint Venture of Mitchell Engineering and J. Fletcher Creamer & Sons, Inc.
- (18) Resolution No. 02-0235: (Item No. 17) Approve transfer of funds in the amount of \$1,150,000 from Project No. CUH932 - Moccasin Central Control and Communication Building, to Project No. CUH703 – Priest Reservoir Bypass.
- Award Contract No. HH-903, Priest Reservoir Bypass - Pipeline, in the amount of \$8,416,509, to Proven Management, Inc.
- (19) Resolution No. 02-0236: (Item No. 18) Authorize the General Manager of Public Utilities to submit for approval to the Board of Supervisors a resolution to accept and expend a grant for seawater intrusion monitoring wells at the Westside Basin.
- (20) Resolution No. 02-0237: (Item No. 19) Authorize the General Manager of Public Utilities to advertise and request proposals for Agreement No. CS-714, Organizational Performance Assessment Services, receive proposals for said professional services agreement, conduct a selection

procedure to identify the best qualified consulting firm to provide/assist SFPUC staff in optimizing its management and operations policies, procedures, and work practices in alignment with the SFPUC's strategic goals, negotiate contract terms and conditions, and return to the Commission for approval to execute a professional services agreement.

- (21) Resolution No. 02-0238: (Item No. 20) Approve the selection of the ESA+Orion Joint Venture (composed of Environmental Science Associates and Orion Associates) and authorize the General Manager of Public Utilities to negotiate and execute Agreement No. CS-672.F, Environmental Monitoring for the Hetch Hetchy Water Treatment Project—Chloramine Conversion (the project). The services under this agreement shall be provided for a total budgeted amount not to exceed \$345,000 and a term of sixteen months from the date of Controller certification.
- (22) Resolution No. 02-0239: (Item No. 26) Recommend a settlement in the case of Robert T. Von Junsch, Claim No. 01-W-6046-3.
- (23) Resolution No. 02-0240: (Item No. 27) Recommend a settlement in the case of CSAA-IIB as subrogee for Doretha Albert, Claim No. 03-00978.
- b) Staff Recommendation: Approve the plans and specifications for Contract No. WP-23, O'Shaughnessy Domestic Water System Improvements, and authorize the General Manager of Public Utilities to advertise for bids.
- c) Staff Recommendation: Approve the plans and specifications for Contract No. CW-331, Diamond /Jersey / Vicksburg Streets Sewer Replacement and authorize the Utilities Engineering Bureau Manager to advertise for bids.
- d) Staff Recommendation: Award Contract No. CW-311, Turk and Leavenworth Streets Sewer Replacement, in the amount of \$165,325 to Harty Pipelines, Inc.

e) Staff Recommendation: Accept work performed for Contract No. CW-271, Folsom/Townsend/York/Rhode Island Streets Sewer Replacement, approve Modification No. 1 (Final) decreasing the contract by \$18,524.00 for a final contract amount of \$672,486.00; and authorize final payment of \$68,508.60 to Hartly Pipelines, Inc.

f) Staff Recommendation: Accept work performed for Contract No. HH-885R, O'Shaughnessy Dam Electrical and Mechanical Upgrade, for a final contract amount of \$732,417.00, and authorize final payment of \$21,081 to Proven Management, Inc.

Authorize the transfer of \$30,000 from Project CUH838 – Early Intake Sluice Gates, to Project CUH882- O'Shaughnessy Dam Electrical and Mechanical Upgrade, to cover staff time to update the computer files of the as-built drawings and assist with closeout documentation.

REGULAR BUSINESS

10. Discussion and possible action related to Clean Water Revenue Bonds. (Berry)

Staff Recommendation: Authorize the sale of up to \$485 million Clean Water Revenue Bonds, 2003 Refunding Series A (the Bonds); to approve the form and execution of certain documents relating to the Bonds; and to delegate to the General Manager of Public Utilities the authority to take all actions necessary to cause the Bonds to be validly issued.

11. Public Hearing to consider amending the Rules of Order of the San Francisco Public Utilities Commission. (Persons who are unable to attend the public hearing may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the Commission and will become a part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San Francisco Public Utilities Commission, 1155 Market Street, 4th Floor, San Francisco, CA 94103.) (Jung)

Staff Recommendation: Amend Rule 7 of the Rules of Order of the San Francisco Public Utilities Commission to reflect the change in time for the Regular Meetings from 1:30 P.M. to 10:00 A.M.

12. Discussion and possible action related to Niles and Sunol dams. (Arena)

Staff Recommendation: Authorize the General Manager of Public Utilities to submit for approval to the Board of Supervisors a resolution authorizing staff to apply, accept and expend a \$1 million grant from Proposition 13 for the removal of Niles and Sunol dams.

13. Discussion and possible action related to a power purchase agreement with the California Department of Water Resources. (Smeloff)

Staff Recommendation: Recommend that the Board of Supervisors authorize the General Manager of Public Utilities to execute a power purchase agreement (PPA) between the California Department of Water Resources (CDWR) and the City for a term of at least 10 years. CDWR would purchase electricity produced by up to four 50 megawatt natural gas turbines (peakers) sited to provide reliability to San Francisco. The location for siting the peakers, cost of siting and development, and price paid by CDWR for the electricity are not known at this time. The PPA establishes a formula through which the City should be able to recover its costs of siting, developing, and operating the peakers. Either the City or CDWR may terminate the PPA prior to completion of project financing if either party determines that the project costs will be too high, regulatory and permitting approvals are too difficult to obtain, or the project cannot be appropriately sited. At the conclusion of the term of the PPA, the project would belong to the City. The City may elect to terminate the PPA after five years and use the power produced by the project for its own purposes.

14. Discussion and possible action related to Contract No. DE-AC03-76SF16828. (Swanson)

Staff Recommendation: Approve Modification No. M005 to Contract No. DE-AC03-76SF16828, City and County of San Francisco - Hetch Hetchy Water and Power - Bureau of Light, Heat & Power (CCSF-HHWP-BLHP), which will transfer to the PUC ownership and responsibility to operate, maintain, repair or replace the Government owned facilities at the Thomas Shaft, to facilitate delivery of Hetch Hetchy water to the Government's Site 300 of the Lawrence Livermore National Laboratory in San Joaquin County, California.

15. Discussion and possible action related to fund transfer from Project No. CUW215 to Project No. CUW121. (Maiolini)

Staff Recommendation: Approve the reallocation of funds, in the amount of \$2,750,000, from Project No. CUW215 – Calaveras Fault Crossing/Alameda Siphons, to Project No. CUW121 – Irvington Tunnel Alternatives, to reflect a revised change in scope for Irvington Tunnel, which will include updated studies on improving the reliability of Alameda Siphons.

CONSTRUCTION CONTRACTS

Award

16. Discussion and possible action related to Project No. CUH950, Project No. CUH793, and Contract No. WP-15R. (Larramendy)

Staff Recommendation: Approve transfer of funds in the amount of \$655,548.00 from Project No. CUH950 – Penstock Renovations KPH/MPH to Project No. CUH793 – Septic Systems Rehabilitation; award Contract No. WP-15R, Septic Systems Rehabilitation, in the amount of \$1,399,460, to JMB Construction.

PROFESSIONAL SERVICE CONTRACTS

Advertise

17. Discussion and possible action related to Agreement No. CS-699. (Davis)

Staff Recommendation: Authorize the General Manager of Public Utilities to advertise and request proposals for Agreement No. CS-699 As-Needed Operational Support Services at an estimated cost of \$4,000,000 for a duration of three years.

Award

18. Discussion and possible action related to Agreement No. CS-703. (Laws)

Staff Recommendation: Approve the selection of Black & Veatch to perform Water and Sewer Rate Studies and authorize the General Manager of Public Utilities to negotiate and execute Agreement No. CS-703 for a fee not to exceed \$225,000.

19. Discussion and possible action related to Agreement No. CS-672. (Medbery)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute Amendment No. 1 to Agreement No. CS-672, which established a pre-selected environmental documentation pool including the EDAW/Talavera and Richardson Joint Venture, the ESA/Orion Joint Venture, the Jones and Stokes/Robert Group Joint Venture, LSA Associates and URS, Inc., to increase the total authorized spending authority from \$4,000,000 to \$6,000,000, with no increase in term.

CLOSED SESSION

20. Public comments on matters to be discussed in Closed Session.
21. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Mueller)

Existing Litigation: People v. Dynegy, et al. consolidated as Wholesale Electricity Antitrust Cases I & II in the United States District Court, Southern District of California, Case Nos. 02 CV 0990-RHW, CV 02-1000-RHW, 02 CV-1001 RHW.

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Milstein)

Existing Litigation: Arbitration Demand filed by Bay Area Water Users' Association.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

27. Announcement following Closed Session.
28. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

December 3, 2002
10:00 A.M.
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place

DOCUMENTS DEPT.

DEC 19 2002

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PUBLIC LIBRARY

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Customer Service
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



ORDER OF BUSINESS:

1. Call to Order: 10:04 A.M.
2. Roll Call: Present – President Ann Moller Caen, Vice President E. Dennis Normandy, Commissioner Jeffrey A. Chen, Commissioner Robert J. Costello

Commissioner Ashok K. Bhatt arrived after Roll Call at 10:17 A.M.

The Commission took the agenda out of order to discuss the Closed Session agenda first. The items were heard in the following order: 20, 21, 22, 23, 24, 25, 26, 27, 28.

CLOSED SESSION

20. Public comments on matters to be discussed in Closed Session.

There were none.

21. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Vice President Normandy, seconded by Commissioner Costello, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 10:07 A.M. to discuss the following matters:

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Present were President Caen, Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Power Policy Assistant General Manager Ed Smeloff, and Deputy City Attorney Theresa Mueller.

Commissioner Bhatt arrived at 10:17 A.M.

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

No action was taken.

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Present were President Caen, Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Power Policy Assistant General Manager Ed Smeloff, and Deputy City Attorney Theresa Mueller.

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

No action was taken.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

Nothing was discussed.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Mueller)

Present were President Caen, Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Power Policy Assistant General Manager Ed Smeloff, and Deputy City Attorney Theresa Mueller.

Existing Litigation: People v. Dynegy, et al. consolidated as Wholesale Electricity Antitrust Cases I & II in the United States District Court, Southern District of California, Case Nos. 02 CV 0990-RHW, CV 02-1000-RHW, 02 CV-1001 RHW.

No action was taken.

26. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein)

Present were President Caen, Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, and SFPUC Rate Administrator Bill Laws.

Existing Litigation: Arbitration Demand filed by Bay Area Water Users' Association.

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 10:47 A.M.

27. Announcement following Closed Session.

President Caen announced the actions taken during Closed Session.

28. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Vice President Normandy, seconded by Commissioner Chen, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

The Commission proceeded with the Order of Business.

3. Approval of Minutes

Moved by Commissioner Costello, seconded by President Caen, to adopt the Minutes of the November 12, 2002 Regular Meeting; passed (5-0) unanimously.

4. Communications

No action taken.

5. Old/Ongoing Business by Commissioners

There was no discussion.

6. Introduction of New Business by Commissioners

Vice President Normandy thanked the staff and Commission for their thoughts and wishes during his recent difficult time. He specifically thanked President Caen and Commission Secretary Mary Jung for keeping him apprised during his absence.

7. Report of the General Manager

a) BAWUA Board Meeting Report

Ms. Patricia E. Martel, General Manager of Public Utilities, attended the BAWUA Board of Directors meeting on November 15. The meeting was a post-election discussion about implementation of the Capital Improvement Program (CIP) and legislation approved this year. Time was spent discussing SB 1870, Senator Jackie

Speier's bill, that creates the regional financing authority. Discussion addressed decisions to be made by the BAWUA and City & County of San Francisco (CCSF) members regarding approaches and responsibilities the authority will have. It was determined to utilize legal resources to compile a list of issues that need to be agreed upon to meet the March target date for BAWUA to make appointments to the board and for the CCSF to take action to appoint a board member. There are a host of issues that BAWUA and SFPUC need to work out. Proposals developed and suggestions for the creation of the financing authority will be presented to the Commission.

Ms. Martel will be meeting with the City Attorney to discuss the implementation and issues related to the legislation that affects the SFPUC. They plan to create a matrix showing all the appointments that have to be made, the various boards that will be created, their roles and responsibilities, etc. When that task is completed, it will be given to the Commission for discussion. Ms. Martel has been contacted by the Clerk of the BOS regarding their appointments to these various positions as well as by the Mayor about future appointments.

b) Chamber of Commerce Retreat

Ms. Martel participated at the annual Chamber of Commerce (COC) business retreat on November 22. She spoke on moving forward with the CIP and the next steps in the process. At the retreat, COC reinforced its commitment to work with SFPUC in the implementation of the CIP in accordance with their efforts last year on Proposition A. To meet that commitment, their Board of Directors has established a Water and Power Committee. Michael Sangiacomo, former president of the board, will be the chair of the committee. He will continue to work with Ms. Martel, SFPUC staff and COC members to provide advice and to discuss approaches related to business development for SFPUC to become a more effective utility model. COC offered their resources to assist in this effort.

c) 1155 Market Street Lease

Ms. Martel reported that the Board of Supervisors approved the lease at 1155 Market Street on November 25. The lease enables SFPUC to use the entire building and make it the official SFPUC headquarters. The first phase over the next couple of months involves making tenant improvements in the building. Staff relocation will begin in February with the engineering staff moving in from 875 Stevenson. This will be followed by internal changes of moving staff currently at 1155 Market to facilitate better usage of space. The final phase will bring Customer Service (CS) and Information Technology Services (ITS) from the Mason Street facility. That move will take place in June as sufficient time is needed to alert the public about CS relocating, and for ITS to wire and install their equipment. The move will provide for more effective management of all the SFPUC activities and for public accessibility.

d) Program Management Contract

Ms. Martel stated the report to the Finance Committee (FC) regarding the second-year results of the Program Management Contract (PMC) and the proposal for the third-year funding and activities for the BOS are still in process. Per commitment to the FC, discussions are continuing with Local 21 representatives concerning the scope of work for the third year. When discussions have been completed, Ms. Martel will discuss the third year scope of work with the Commission, get their approval and present it to the FC. It is expected late this month or early next month.

Ms. Martel announced that Tom Heffernan, Program Director, has stepped down due to health issues. The Jacobs staff has filled in as necessary to assume responsibilities for the position. Tasks continue to be completed, as does coordination with the joint venture. Ms. Martel stated she thinks it's important to get a permanent program director who can provide the leadership necessary for the SFPUC staff to gain benefit from the PMC. Candidates are being sought for the position and Ms. Martel will apprise the Commission on the progress.

Commissioner Bhatt inquired about the program director position.

Ms. Martel stated it is a full-time position. She met with Jacobs last week and indicated the urgency of finding someone to fill the position. Jacobs will be identifying individuals, conducting interviews and hiring the candidate.

8. Public Comments on matters not on today's agenda.

Mr. Matt Lonner, Pacific Gas & Electric, congratulated SFPUC for considering PG&E's Self-Generation Incentive Program as a means to fund the Moscone project. He stated PG&E looks forward to working with the City and SFPUC interconnecting the project when the time comes. He provided some brochures on the program to the Commission and stated PG&E has a long history of developing and implementing energy-efficiency programs in partnership with their residential, commercial, industrial and agricultural customers. He stated PG&E looks forward to other partnership opportunities in the area of renewable energy with SFPUC.

CONSENT CALENDAR

President Caen asked if there were any matters on the consent calendar to take off for discussion.

Vice President Normandy asked to discuss Item 9.a) (20) to allow for comments to be entered into the record.

President Caen asked for further discussion on Items 9.a) (12) and 9.a) (18).

Commissioner Bhatt stated he wanted to make a correction on Item 9.a) (1). He proposed making a language change from "...authorize the Utilities Engineering Bureau Manager to advertise...." to "...authorize the General Manger of Public Utilities to advertise...."

Ms. Martel stated she understood Commissioner Bhatt's reference to authority granted to her for executing all SFPUC actions. She explained the process utilized for advertising and soliciting bids is that she does not advertise directly, nor reviews or evaluates bids. On this agenda item, it was the UEB Manager who was responsible. The recommendation is then made to the General Manager and is followed by a recommendation to the Commission.

Commissioner Bhatt stated he thought the appropriate authorization should be through the General Manager and then to the Commission.

Ms. Martel deferred to the City Attorney.

Vicki Clayton, Deputy City Attorney, stated, "It's standard practice to have commissions authorize the general manager to perform all actions administering the department and then the general manager delegates authority to various persons under his or her authority. However, the commission can directly authorize individuals in the commission to perform certain activities, not all. So either way will work. It's fairly typical to authorize the general manager to do everything you need doing in the department and then you delegate."

President Caen stated it's assumed that the General Manager has the last say-so on all items before they come to the Commission. She asked Commissioner Bhatt if he would permit for no language change, as language changes would have to be made on everything done.

Commissioner Bhatt stated it was fine for the moment, but had concerns that it could become an issue in the future with the CIP.

Ms. Martel reinforced that she has knowledge of all matters in the SFPUC and nothing is brought to the Commission without her review. She stated this process would continue throughout the CIP. She assured the Commission that even though she delegates responsibility, she reviews everything recommended to the Commission and that ultimately the responsibility rests with the General Manager.

President Caen stated it was a good point and it was covered by Ms. Clayton's advice.

9. Moved by Vice President Normandy, seconded by Commissioner Costello, to adopt the items, except Items 9.a) (12), 9.a) (18) and 9.a) (20), listed under the Consent Calendar; passed (5-0) unanimously. The three items were removed from the calendar to be heard separately.

- a) Resolution No. 02-044: Ratify the actions taken to approve various items at the Regular Meeting of the Public Utilities Commission of November 12, 2002. (Any resolution listed below can be removed from the Consent Calendar and considered as a separate item at the request of a member of the Commission or the public.)
- (1) Resolution No. 02-0218: (Item No. 9a) Approve the plans and specifications for Contract No. HH-902, O'Shaughnessy Dam Discharge Modifications, and authorize the Utilities Engineering Bureau (UEB) Manager to advertise, receive and evaluate bids.
- (2) Resolution No. 02-0219: (Item No. 9c) Award Contract No. CW-267, 16th / 20th / 24th Streets Sewer Replacement, in the amount of \$710,717 to JMB Construction, Inc.
- (3) Resolution No. 02-0220: (Item No. 9d) Award Contract No. CW-330, Clean, De-root, Inspect, and Seal Easement Sewers Phase II, in the amount of \$252,850, to JF Pacific Liners.
- (4) Resolution No. 02-0221: (Item No. 9e) Award Contract No. WD-2376, South Van Ness Avenue 8-Inch Ductile Iron Main Installation, in the amount of \$1,457,195, to Ranger Pipelines.
- (5) Resolution No. 02-0222: (Item No. 9f) Award Contract No. WD-2384, Greenwich Street 8-Inch Ductile Iron Main Installation, in the amount of \$833,317, to J. Flores Construction.
- (6) Resolution No. 02-0223: (Item No. 9h) Accept work performed for Agreement No. CS-548-A, Water Quality Engineering and Regulatory Compliance Contract, for a final contract amount of \$1,044,407 to Camp Dresser and McKee, Inc.
- (7) Resolution No. 02-0224: (Item No. 9i) Accept work performed for Agreement No. CS-548-B, Water Quality Environmental Services and Regulatory Compliance Contract, for a final contract amount of \$884,251.00 to Merritt-Smith Consultants, Inc.

- (8) Resolution No. 02-0225: (Item No. 9j) Ratify the Declaration of Emergency made by the General Manager of Public Utilities on October 16, 2002, for the repair of the Southeast Outfall.
- (9) Resolution No. 02-0226: (Item No. 9b) Approve the rejection of all bids for Contract No. CW-263, SEWPCP Interim Gravity Belt Thickener Facility, and authorize the UEB Manager to re-advertise the contract as Contract No. CW-263R, SEWPCP Interim Gravity Belt Thickener Facility; to receive and evaluate bids for said contract.
- (10) Resolution No. 02-0227: (Item No. 9g) Accept work performed for Agreement No. CS-441, Hetch Hetchy Water Treatment Project, for a final amount of \$4,900,973.82, and authorize final payment of \$200,093.79 to the San Francisco Water Team.
- (11) Resolution No. 02-0228: (Item No. 10) Approve a reallocation of funds, in the amount of \$645,000, from Project No. CUW798 - 1998 A and B Bond Fund Issuance Costs, to fund additional costs related to Project No. CUW143 – Hetch Hetchy Water Treatment.
- (13) Resolution No. 02-0230: (Item No. 12) Authorize the General Manager of Public Utilities to submit for approval to the Board of Supervisors a resolution to accept and expend a grant in the amount of approximately \$178,750 from the California Energy Commission to a support peak load reduction project at Moscone Convention Center.
- (14) Resolution No. 02-0231: (Item No. 13) Authorize the General Manager of Public Utilities to submit for approval to the Board of Supervisors a resolution to accept and expend funding in the estimated amount of \$2,127,054 from the Pacific Gas & Electric (PG&E) Self-Generation Incentive Program to support a photovoltaic energy project at Moscone Convention Center.
- (15) Resolution No. 02-0232: (Item No. 14) Authorize the General Manager of Public Utilities to execute a permit with San Francisco State University (SFSU), to use

approximately 3,000 square feet within a sewer easement located near 19th Avenue and Holloway Avenue in San Francisco for placement of four classroom trailers while the adjacent classroom building is being retrofitted and renovated due to the 1989 earthquake.

- (16) Resolution No. 02-0233: (Item No. 15) Approve the transfer of funds in the amount of \$700,000 from Project No. CUH941 – Hetch Hetchy SCADA Security & Control, East, to Project No. CUH931 – Hetch Hetchy Microwave Replacement.

Authorize the UEB Manager to negotiate and execute Agreement No. CS-701, Hetch Hetchy Microwave Replacement, for an amount not to exceed \$550,000 and with a duration of three years from the date of Controller certification, to Timberline Engineering, Inc., to assist SFPUC staff with the upgrade or replacement of the existing terrestrial microwave radio communication system for Hetch Hetchy facilities.

- (17) Resolution No. 02-0234: (Item No. 16) Award Contract No. HH-871, San Joaquin Pipeline No. 1 – Replace Mortar Lining, in the amount of \$4,795,607 to a Joint Venture of Mitchell Engineering and J. Fletcher Creamer & Sons, Inc.

- (19) Resolution No. 02-0236: (Item No. 18) Authorize the General Manager of Public Utilities to submit for approval to the Board of Supervisors a resolution to accept and expend a grant for seawater intrusion monitoring wells at the Westside Basin.

- (21) Resolution No. 02-0238: (Item No. 20) Approve the selection of the ESA+Orion Joint Venture (composed of Environmental Science Associates and Orion Associates) and authorize the General Manager of Public Utilities to negotiate and execute Agreement No. CS-672.F, Environmental Monitoring for the Hetch Hetchy Water Treatment Project—Chloramine Conversion (the project). The services under this agreement shall be provided for a total budgeted amount not to exceed \$345,000 and a term of sixteen months from the date of Controller certification.

(22) Resolution No. 02-0239: (Item No. 26) Recommend a settlement in the case of Robert T. Von Junsch, Claim No. 01-W-6046-3.

(23) Resolution No. 02-0240: (Item No. 27) Recommend a settlement in the case of CSAA-IIB as subrogee for Doretha Albert, Claim No. 03-00978.

b) Resolution No. 02-0245 : Approve the plans and specifications for Contract No. WP-23, O'Shaughnessy Domestic Water System Improvements, and authorize the General Manager of Public Utilities to advertise for bids.

c) Resolution No. 02-0246: Approve the plans and specifications for Contract No. CW-331, Diamond /Jersey / Vicksburg Streets Sewer Replacement and authorize the Utilities Engineering Bureau Manager to advertise for bids.

d) Resolution No. 02-0247: Award Contract No. CW-311, Turk and Leavenworth Streets Sewer Replacement, in the amount of \$165,325 to Harty Pipelines, Inc.

e) Resolution No. 02-0248: Accept work performed for Contract No. CW-271, Folsom/Townsend/York/Rhode Island Streets Sewer Replacement, approve Modification No. 1 (Final) decreasing the contract by \$18,524.00 for a final contract amount of \$672,486.00; and authorize final payment of \$68,508.60 to Harty Pipelines, Inc.

f) Resolution No. 02-0249 : Accept work performed for Contract No. HH-885R, O'Shaughnessy Dam Electrical and Mechanical Upgrade, for a final contract amount of \$732,417.00, and authorize final payment of \$21,081 to Proven Management, Inc.

Authorize the transfer of \$30,000 from Project CUH838 –Early Intake Sluice Gates, to Project CUH882-O'Shaughnessy Dam Electrical and Mechanical Upgrade, to cover staff time to update the computer files of the as-built drawings and assist with closeout documentation.

9.a) (12) President Caen asked for further detail on Item 9.a) (12) regarding the “other opportunities,” specifically about generating tidal power under the Golden Gate Bridge.

Mr. Ed Smelloff, Assistant General Manager of Power Policy, stated the agreement with the U.S. Department of Energy has a work plan that can be modified. The Department of the Environment is interested in doing tidal energy research. This has been discussed with the U.S. Department of Energy, but will need to be a mutual agreement as part of the work plan. It has not yet been agreed upon to include in the work. The work plan can be amended without bringing it back to the Commission or the BOS.

Moved by Vice President Normandy, seconded by Commissioner Chen to adopt the following resolution; passed (5-0) unanimously.

(12) Resolution No. 02-0242: (Item No. 11) Recommend the Board of Supervisors approve a Memorandum of Understanding (MOU) between CCSF and the U.S. Department of Energy (USDOE) to obtain support from USDOE for the implementation of the City's renewable energy, energy efficiency and distributed generation goals; and authorize the SFPUC and SF Department of Environment to administer and act as co-leads for this agreement between CCSF and USDOE.
(Supercedes Resolution No. 02-0229)

9.a) (18) President Caen stated concern on Item 9.a) (18) regarding the protest with Mitchell and Proven and evidence on the minority breakout.

Mr. Steve Maiolini, UEB Commission Liaison, stated Mitchell's protest was a dating issue and Proven's protest was an expertise issue. He stated the table showed the minority breakout.

President Caen stated there was no support material. Mr. Maiolini stated there was an HRC compliance letter written by Diana Rathbone approving it.

Ms. Diana Rathbone, Human Rights Commission, asked if President Caen had received her letter. The HRC memo showed Proven Management as the lowest bidder and that they met the MBE and WBE subcontractor participation goals. President Caen thanked her for the verification as she had not seen the letter.

Moved by Commissioner Costello, seconded by Commissioner Chen to adopt the following resolution; passed (5-0) unanimously.

(18) Resolution No. 02-0243: (Item No. 17) Approve transfer of funds in the amount of \$1,150,000 from Project No. CUH932 - Moccasin Central Control and Communication Building, to Project No. CUH703 - Priest Reservoir Bypass.
(Supercedes Resolution No. 02-0235)

President Caen asked if there was public comment.

Public Comment:

Mr. Emeric Kalman, City resident, stated he wanted to speak to Item 9.a) (19). He asked if this item was: 1) related to the SFPUC groundwater master plan from a few years ago, and 2) a collaboration with Recreation & Park. He also wanted to know what company was doing the work and what the costs were as he did not see them in the documentation.

Ms. Martel explained the item is for the application of a grant for funding seawater intrusion monitoring wells and that is the reason there are no costs stated or consultants listed. Ms. Martel stated staff could meet with Mr. Kalman to inform him what has been done on other related [groundwater] studies.

Mr. Kalman also commented on Item 9.a) (20), asking for a cost analysis, how the money was going to be spent and what the benefit would be. He thought a strategic plan was in place and wanted to know why a consultant was needed.

President Caen stated the item has been budgeted and is a line item in the budget.

Vice President Normandy stated that items 9.a) (1) through (23) were ratifications of the actions taken at the last meeting of the Commission and were fully detailed and discussed on November 12.

- 9.a) (20) Vice President Normandy addressed Item 9.a) (20). He concurred with the vote the Commission took on November 12 and agreed that an organizational assessment was needed. For the record he wanted to include and articulate several points. He stated in the private sector, these kinds of contracts can be very expensive and fall short in two areas: 1) they validate what is already known by staff, and 2) the findings provide no mechanisms for executing the proposed changes, nor is there continuing oversight between the consultant and the staff. He felt it important to include: 1) the Commission's expectations for the outcome of the process, and 2) that the consultant not merely present findings and a report, but be held accountable for working collaboratively with SFPUC on a plan to make the changes, so that staff are not left doing what the consultants are paid to do.

Vice President Normandy interjected SFPUC's corporate identity is related to reassessing the organization. He stated there is still confusion between the SFPUC, which is an enterprise agency, and the California Public Utilities Commission, which is a regulatory agency. He feels the time has come to consider renaming the operating element separate from the 5-member Commission. He

offered the San Francisco Water, Power and Sewage Authority as a possibility. He feels that the reassessment process should include delineation between the 5-member Commission and the agency. He moved for ratification of 9.a) (20).

Ms. Martel agreed with all of Vice President Normandy's comments. She stated she would be involved throughout the entire performance assessment process and would be reporting to the Commission on the findings and implementation of the recommendations. She stated her commitment to the Commission and public is to improve the areas in the SFPUC which need strengthening. She stated she also felt it was appropriate for the SFPUC to consider a new name and that the issue would be looked into.

Moved by Vice President Normandy, seconded by Commissioner Costello to adopt the following resolution; passed (5-0) unanimously.

(20) Resolution No. 02-0244: (Item No. 19) Authorize the General Manager of Public Utilities to advertise and request proposals for Agreement No. CS-714, Organizational Performance Assessment Services, receive proposals for said professional services agreement, conduct a selection procedure to identify the best qualified consulting firm to provide/assist SFPUC staff in optimizing its management and operations policies, procedures, and work practices in alignment with the SFPUC's strategic goals, negotiate contract terms and conditions, and return to the Commission for approval to execute a professional services agreement.

REGULAR CALENDAR

10. Discussion and possible action related to Clean Water Revenue Bonds.

Mr. Bill Berry, Assistant General Manager of Business Services, prefaced his presentation by stating in 1998 the voters approved Proposition H for a rate freeze. Projections always showed the Clean Water Enterprise (CWE) wouldn't be able to make it through the rate freeze without financial difficulties. CWE was downgraded as a result. Proposition E, passed November 2002, eliminates the rate freeze. This has led CWE to look at the current market and consider taking advantage of the low interest-rate environment.

Mr. Berry gave a slide presentation on CWE's proposal on its outstanding bond issues totaling \$401 million. His presentation was based on the current market, which is subject to change. The presentation highlighted the following areas.

1) Refinancing the CWE debt would result in significant debt service savings. Using today's terms, CWE would be issuing \$422 million in bonds to refund the \$401 million currently outstanding. This provides \$29 million at the present value savings. The schedule for the proposed sale is January 14, 2003 and the close date is January 28.

2) Annual CWE debt service currently varies widely from year to year. A chart from FY03 to FY25 depicted debt service dropping down over time. When debt service is high, revenue needs to be increased to pay for it.

3) Proposed refinancing structures would allow gradual phase in of rate increases. A chart from FY03 to FY24 illustrated a comparative debt service with and without refinancing.

4) Refinancing would permit smaller, stable rate increases. The finance structure used for illustration was a chart from FY04 to FY08 showing comparative rate increase requirements with and without refinancing.

5) Refinancing would result in improved operating reserves. A chart showing comparative ending fund balance projections from FY03 to FY08 with and without refinancing illustrated this.

6) The credit rating outlook should be helped by the refinancing and the end of the rate freeze. A chart with CWE credit ratings depicted ratings prior to the rate freeze and with a negative outlook after the rate freeze.

7) Improving the CWE financial condition requires these actions: a) BOS approval of refinancing, b) bond sale and closing, tentatively in January 2003, c) completion of Rate Study for CWE, d) staff rate increase proposal, e) Rate Fairness Board review and recommendations, f) Commission review and approval of rate increase, g) BOS review and approval of rate increase, and h) rate increase effective tentatively July 1, 2003.

8) Proposed refinancing requires Commission approval of the following Bond documents: a) New Indenture, b) Official Statement, c) Escrow Agreements, d) Official Note of Sale, e) Notice of Intention to Sell, and f) Continuing Disclosure Certificate.

Mr. Berry concluded his presentation and stated a financial advisor and a City Attorney representative were present to provide detail.

Vice President Normandy asked if there were any downsides to the proposal. Mr. Berry stated there aren't any downsides, explaining it is a fixed-rate transaction with no risks. The priority is to get into the market as soon as possible and take advantage of good interest rates. If approved today, the BOS has been requested to expedite their approval to enable getting into the market early next month.

President Caen asked about the rate increase scenario.

Mr. Berry stated the example scenario was based on today's numbers, showing 9% for the next two years, 7% for the third year, 5% for the fourth and fifth years, assuming no additional capital improvements for CWE. With additional capital improvements, the scenario would look somewhat the same, but in the later years the rates would continue to increase to fund the CWE capital improvements.

Commissioner Chen stated the face value of the bonds being issued was for \$485 million in the documents provided. He asked for an explanation of the difference as the presentation was for \$421 million.

Mr. Berry stated if the bonds were being issued on today's current market, it would be \$421 million. The amount changes depending on the exact structure and also on interest rates. As interest rates go down, more bonds need to be issued in order to refund the set amount of outstanding bonds. It doesn't change the debt service. But that is the reason for the higher number. If interest rates go down significantly, the par amount has to be increased. This would not require additional Commission or BOS approval.

Commissioner Bhatt asked if the bonds would sell quickly, wondering if a bad economy would affect their sale.

Mr. Berry stated it's a huge bond market and the environment is very good. The bonds will be sold competitively to an underwriting syndicate which will purchase the bonds. It is expected the bonds will sell quickly. It's their responsibility to sell the bonds and work that off.

Moved by Vice President Normandy, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0250: Authorize the sale of up to \$485 million Clean Water Revenue Bonds, 2003 Refunding Series A (the Bonds); to approve the form and execution of certain documents relating to the Bonds; and to delegate to the General Manager of Public Utilities the authority to take all actions necessary to cause the Bonds to be validly issued.

11. Public Hearing to consider amending the Rules of Order of the San Francisco Public Utilities Commission. (Persons who are unable to attend the public hearing may submit to the City, by the time the proceedings begin, written comments regarding the subject of the hearing. These comments will be brought to the attention of the Commission and will become a part of the official public record. Written comments can be sent to Mary Jung, Commission Secretary, San

Francisco Public Utilities Commission, 1155 Market Street, 4th Floor, San Francisco, CA 94103.)

Moved by Vice President Normandy, seconded by Commissioner Bhatt to reject the following resolution; passed (5-0) unanimously.

Staff Recommendation. : Amend Rule 7 of the Rules of Order of the San Francisco Public Utilities Commission to reflect the change in time for the Regular Meetings from 1:30 P.M. to 10:00 A.M.

Vice President Normandy stated the item is self-explanatory, but commented the Commission might consider another day than Tuesday for meetings rather than changing the time. His concerns were: 1) meetings starting at 10:00 A.M. would require a lunch break and would make the meetings longer, and 2) it would not allow staff time to move from SFPUC meetings to BOS meetings. He suggested Wednesday or Thursday afternoons. He moved to amend the proposal and keep the 1:30 start time but change the day.

Commissioner Bhatt concurred with Vice President Normandy on changing to another day and starting at 1:30 P.M.

Ms. Clayton suggested the Commission make a motion to reject Item 11 if they wanted to pursue the option of another day because the public has to be noticed on the proposal to change the date and the item has to be rescheduled.

President Caen stated availability would need to be investigated. She suggested meeting at 2:00 P.M.

Vice President Normandy stated they agreed in principle not to have Tuesday meetings so as to not conflict with BOS meetings and that afternoons are more convenient for the Commissioners. *Vice President Normandy directed the Commission Secretary to find what would be the most appropriate day.*

12. Discussion and possible action related to Niles and Sunol dams.

Moved by Vice President Normandy, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0251: Authorize the General Manager of Public Utilities to submit for approval to the Board of Supervisors a resolution authorizing staff to apply, accept and expend a \$1 million grant from Proposition 13 for the removal of Niles and Sunol dams.

13. Discussion and possible action related to a power purchase agreement with the California Department of Water Resources.

Moved by Commissioner Bhatt, seconded by Commissioner Costello to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0252: Recommend that the Board of Supervisors authorize the General Manager of Public Utilities to execute a power purchase agreement (PPA) between the California Department of Water Resources (CDWR) and the City for a term of at least 10 years. CDWR would purchase electricity produced by up to four 50 megawatt natural gas turbines (peakers) sited to provide reliability to San Francisco. The location for siting the peakers, cost of siting and development, and price paid by CDWR for the electricity are not known at this time. The PPA establishes a formula through which the City should be able to recover its costs of siting, developing, and operating the peakers. Either the City or CDWR may terminate the PPA prior to completion of project financing if either party determines that the project costs will be too high, regulatory and permitting approvals are too difficult to obtain, or the project cannot be appropriately sited. At the conclusion of the term of the PPA, the project would belong to the City. The City may elect to terminate the PPA after five years and use the power produced by the project for its own purposes.

14. Discussion and possible action related to Contract No. DE-AC03-76SF16828.

Moved by Commissioner Bhatt, seconded by Vice President Normandy to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0253: Approve Modification No. M005 to Contract No. DE-AC03-76SF16828, City and County of San Francisco - Hetch Hetchy Water and Power - Bureau of Light, Heat & Power (CCSF-HHWP-BLHP), which will transfer to the PUC ownership and responsibility to operate, maintain, repair or replace the Government owned facilities at the Thomas Shaft, to facilitate delivery of Hetch Hetchy water to the Government's Site 300 of the Lawrence Livermore National Laboratory in San Joaquin County, California.

15. Discussion and possible action related to fund transfer from Project No. CUW215 to Project No. CUW121.

Moved by Vice President Normandy, seconded by Commissioner Costello to adopt the following resolution; passed (5-0) unanimously.

Resolution No.02-0254: Approve the reallocation of funds, in the amount of \$2,750,000, from Project No. CUW215 – Calaveras Fault Crossing/Alameda Siphons, to Project No. CUW121 – Irvington Tunnel Alternatives, to reflect a revised change in scope for Irvington Tunnel, which will include updated studies on improving the reliability of Alameda Siphons.

CONSTRUCTION CONTRACTS

Award

16. Discussion and possible action related to Project No. CUH950, Project No. CUH793, and Contract No. WP-15R.

Moved by Commissioner Costello, seconded by Vice President Normandy to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0255: Approve transfer of funds in the amount of \$655,548.00 from Project No. CUH950 – Penstock Renovations KPH/MPH to Project No. CUH793 – Septic Systems Rehabilitation; award Contract No. WP-15R, Septic Systems Rehabilitation, in the amount of \$1,399,460, to JMB Construction.

PROFESSIONAL SERVICE CONTRACTS

President Caen announced that Item 17 was pulled from today's agenda.

Advertise

17. Discussion and possible action related to Agreement No. CS-699.

Staff Recommendation : Authorize the General Manager of Public Utilities to advertise and request proposals for Agreement No. CS-699 As-Needed Operational Support Services at an estimated cost of \$4,000,000 for a duration of three years.

Award

18. Discussion and possible action related to Agreement No. CS-703.

Vice President Normandy supported the item but wanted to know if BOS recommendations on rates, such as senior discounts offered by PG&E and Pacific Bell, were being considered under this contract.

Mr. William Laws, Rate Administrator, stated it was part of the scope of work.

Moved by Commissioner Bhatt, seconded by Vice President Normandy to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0256: Approve the selection of Black & Veatch to perform Water and Sewer Rate Studies and authorize the General Manager of Public Utilities to negotiate and execute Agreement No. CS-703 for a fee not to exceed \$225,000.

19. Discussion and possible action related to Agreement No. CS-672.

Moved by Vice President Normandy, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0257: Authorize the General Manager of Public Utilities to execute Amendment No. 1 to Agreement No. CS-672, which established a pre-selected environmental documentation pool including the EDAW/Talavera and Richardson Joint Venture, the ESA/Orion Joint Venture, the Jones and Stokes/Robert Group Joint Venture, LSA Associates and URS, Inc., to increase the total authorized spending authority from \$4,000,000 to \$6,000,000, with no increase in term.

Thereupon, the meeting was adjourned: 12:17 P.M.

Mary Y. Jung
Secretary



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

AGENDA

SPECIAL MEETING

Wednesday, December 18, 2002
10:00 A.M.
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Customer Service
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



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Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Mary Y. Jung at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna.Hall@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100, et. seq] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at: 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300, fax (415) 581-2317; web site at www.sfgov.org/ethics.

ORDER OF BUSINESS:

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a) Minutes of the December 3, 2002 Special Meeting
4. Communications
5. Old/Ongoing Business by Commissioners
6. Introduction of New Business by Commissioners
7. Report of the General Manager
 - a) Lake Merced Update (Carlin)
 - b) WIP Program Director Appointment (Martel)
8. Bay Area Water Users Association (BAWUA) General Manager's Report
 - a) Implementation of the Legislation—First Steps (Jensen)
9. Public Comments

Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES AND CITY ATTORNEY, WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the Office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

CONSENT CALENDAR

10. All matters listed hereunder constitute a Consent Calendar, are considered to be routine by the San Francisco Public Utilities Commission, and will be acted upon by a single vote of the Commission. There will be no separate discussion of these items unless a member of the Commission or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
- a) Staff Recommendation: Approve the plans and specifications for Contract No. WD-2391, Lane Street Pump Station Upgrade, and authorize the General Manager of Public Utilities to advertise for bids.
 - b) Staff Recommendation: Award Contract No. CW-332, 8th Avenue / Steiner Streets Sewer Replacement, in the amount of \$564,000 to K J Woods Construction, Inc.
 - c) Staff Recommendation: Accept work performed for Contract No. WD-2352, Stevenson, Jessie and Anthony Streets 8-Inch Ductile Iron Main Installation, approve Modification No. 1 (Final) decreasing the contract by \$73,870 for a final contract amount of \$532,783; and authorize final payment of \$12,623 to J. Flores Construction Company, Inc.
 - d) Staff Recommendation: Accept work performed for Contract No. CW-268, 15th/Hancock/Walter Streets Sewer Replacement and Pavement Renovation, approve Modification No. 1 (Final) decreasing the contract by \$5,546.73 for a final contract amount of \$522,952.27; and authorize final payment of \$51,850.87 to Harty Pipelines, Inc.

REGULAR BUSINESS

11. Discussion and possible action related to resolution for Mr. Robert G. Lee. (Vizcarra)
- Staff Recommendation: Approve resolution honoring Mr. Robert G. Lee, Residential Users Appeals Board Chairman.

12. Presentation of the Information Technology Strategic Plan developed for Fiscal Years 2003 through 2007. (Berry)

Staff Recommendation: For discussion purposes only.

13. Discussion and possible action related to Million Solar Roof Initiative. (Knox)

Staff Recommendation: Authorize the General Manager of Public Utilities to submit for approval to the Board of Supervisors a resolution authorizing staff to accept and expend a \$50,000 grant from the U.S. Department of Energy's Million Solar Roof Initiative.

14. Discussion and possible action related to Clean Water Enterprise supplemental appropriation. (Berry)

Staff Recommendation: Approve a supplemental appropriation in the amount of \$1,560,189 for the Clean Water Enterprise (CWE) to fund operations for the remainder of FY 2003. Funding for this supplemental appropriation will come from the Clean Water Enterprise's unappropriated fund balance.

15. Discussion and possible action related to Alternative E for Fifield/Cahill Ridge Trail. (Naras)

Staff Recommendation: Consider and adopt Alternative E for the proposed Fifield/Cahill Ridge Trail on the San Francisco Peninsula Watershed, including the required Findings and Mitigation Monitoring and Reporting Program with respect to the Final Environmental Impact Report (FEIR) for the Fifield/Cahill Ridge Trail Project.

PROFESSIONAL SERVICE CONTRACTS

Advertise

16. Discussion and possible action related to Agreement No. CS-713. (Mallett)

Staff Recommendation: Authorize the General Manager of Public Utilities to advertise and request proposals for Agreement No. CS-713, Chloramine Operations and Start-Up Plans, from professional engineering firms to provide engineering services, and to receive and accept bids.

17. Discussion and possible action related to Agreement No. CS-716. (Mallett)

Staff Recommendation: Authorize the General Manager of Public Utilities to advertise and request proposals for professional services Agreement No. CS-716, Calaveras Dam Project Conceptual Engineering, and to receive and accept bids.

Award

18. Discussion and possible action related to Agreement Nos. CS-699A through CS-699I. (Davis)

Staff Recommendation: Authorize the General Manager of Public Utilities to award, negotiate and execute Agreement Nos. CS-699A through CS-699I to Camp Dresser & McKee, Montgomery Watson Harza, OCC/WRE, URS, Kennedy Jenks, RMC, Tetra Tech and Malcolm Pirnie to provide planning, development, analysis, and technical assistance services on an as-needed basis to assist and supplement the work of Water Supply and Treatment Division staff in various projects for a total budgeted amount not to exceed \$4,000,000 and a duration of three years.

Amend

19. Discussion and possible action related to contract with Pensety, LLC. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute the first amendment to the management consulting services contract between the City and County of San Francisco and Pensety, LLC for work on the consolidation and move of SFPUC offices to 1155 Market Street. The contract amendment will increase the contract amount by \$75,001, from \$49,999 to \$125,000.

20. Discussion and possible action related to Agreement No. CS-524. (Bajwa)

Staff Recommendation: Approve a supplemental appropriation request for the third year of Agreement No. CS-524, Program Management Services, with the Water Infrastructure Partners (WIP) to provide program management support services for the SFPUC Capital Improvement Program,

for an amount not to exceed \$13 million, including funding of \$6 million for the Program Management Organization (PMO) and additional funding of \$1 million for the SFPUC staff to manage the contract, including insurance, equipment and audit cost; and authorize the General Manager of Public Utilities to submit this supplemental appropriation request to the Board of Supervisors with a recommendation to approve the requested budget appropriation to execute the work as planned.

Forward Agreement No. CS-524, Program Management Services, to the Board of Supervisors, with a recommendation to continue for the third year of contract and approve supplemental appropriation request.

CLOSED SESSION

21. Public comments on matters to be discussed in Closed Session.
22. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District,
San Francisco Superior Court No. 323717.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):
(Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District,
San Francisco Superior Court No. 323848.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

26. Threat to Public Services or Facilities (Government Code Section 54957): (Clayton)

Consultation with: Sheriff Michael Hennessey concerning security of SFPUC Water and Power Systems.

27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein)

Existing Litigation: Arbitration Demand filed by Bay Area Water Users' Association.

28. Conference with Legal Counsel – Threatened Litigation under Endangered Species Act in November 14, 2002 letter from the National Marine Fisheries Service to City Attorney Joshua Milstein concerning Pilarcitos Creek Steelhead Fishery – Pursuant to Government Code Section 54956.9(b) (3) (C), a copy of which is on file with the Commission. (Milstein)

29. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation: Mohammed Sadiq v. City and County of San Francisco, Superior Court No. 320-395.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

30. Announcement following Closed Session.

31. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

NOTICE OF PUBLIC HEARING

Notice is hereby given that the San Francisco Public Utilities Commission will conduct a public hearing on Tuesday, January 14, 2003, at 1:30 P.M. in City Hall, Room 400, 1 Dr. Carlton B. Goodlett Place, San Francisco, California, to consider amending the Rules of Order of the San Francisco Public Utilities Commission.



SAN FRANCISCO PUBLIC UTILITIES COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

Willie L. Brown, Jr.
MAYOR

MINUTES

December 18, 2002
10:00 A.M.
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

The Honorable Ann Moller Caen, President
The Honorable E. Dennis Normandy, Vice President
The Honorable Ashok Kumar Bhatt
The Honorable Jeffrey A. Chen
The Honorable Robert J. Costello

DEPARTMENTS

Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS

Customer Service
Environmental Regulation & Management
Financial Services
Human Resource Services
Information Technology Services
Real Estate Services
Strategic & Systems Planning
Utilities Engineering Bureau
Water Quality

Patricia E. Martel
GENERAL MANAGER

Mary Y. Jung
SECRETARY



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ORDER OF BUSINESS:

1. Call to Order: 10:11 A.M.
2. Roll Call: Present – President Ann Moller Caen, Vice President E. Dennis Normandy, Commissioner Jeffrey A. Chen, Commissioner Robert J. Costello

Commissioner Ashok K. Bhatt arrived after Roll Call at 10:35 A.M.

3. Approval of Minutes

Moved by Commissioner Costello, seconded by Vice President Normandy, to adopt the Minutes of the December 3, 2002 Special Meeting; passed (4-0) unanimously.

4. Communications

No action taken.

5. Old/Ongoing Business by Commissioners

There was no discussion.

6. Introduction of New Business by Commissioners

There was no new business introduced.

7. Report of the General Manager

- a) Lake Merced Update

Mr. Michael Carlin, Manager of Bureau of Systems & Strategic Planning, recapped the Lake Merced highlights from the last year. Water was added to the lake starting on October 9. The lake level was raised 1.5 feet, totaling 18.43 feet by October 22. With recent rain, the lake level is at 19 feet. Adding more water in February 2003 to raise the lake level 6 inches is being considered.

In the past year, SFPUC entered into a contract to perform an environmental assessment of the lake to determine the impact of raising the water level. Alternative sources of water will also be considered. A report from the assessment is anticipated for Spring 2003.

The groundwater monitoring network has expanded to 23 well sites. SFPUC is applying to the Department of Water Resources for a \$250,000 grant to extend the saltwater intrusion monitoring well network north into San Francisco. This would allow for the collection of data to look at the future development of groundwater resources.

SFPUC has executed agreements with Daly City, San Bruno and the California Water Services Co. (representing So. San Francisco) to look at studied conjunctive use potential in the Westside Basin. Additional service to Daly City began in October 2002 and continues. Data is being collected and compiled on how their wells are responding. An update on this information is anticipated for early 2003. The recycled water contract with Daly City for building a tertiary recycled water facility has been awarded. Ms. Patricia E. Martel, General Manager of Public Utilities, presented a \$1 million check to the North Coast Sanitation District to get recycled water for local golf course irrigation.

SFPUC is moving forward on its recycled water master plan update. A contract with an engineering firm and an environmental consulting firm to update the plan is in place. A project alternative is anticipated for presentation in Fall 2003. Proposition A has a recycled water component in the local projects portion of the Capital Improvement Program (CIP) with approximately \$100 million for recycled water potential in San Francisco.

With recent winter rain, storm water from the Vista Grande Canal has been added to the lake. A test device is in place, sampling is being done and data is being collected. The efficiency and effectiveness of the storm water treatment device is being observed. The sampling analysis will continue through next year and a proposal is anticipated for late 2003 or early 2004.

SFPUC is currently advertising for a hydrologist. Interviews will be conducted in January with a selection by early February. A Lake Merced liaison position is also being advertised. Interviews and a selection will be made in January. Mr. Carlin stated a lot of progress has been made, but there is a lot of work to do with the community.

Vice President Normandy thanked Mr. Carlin and staff for the work and progress this past year. He suggested the Commission take a proactive role in getting the word out to the Friends of Lake Merced and other supportive community groups.

President Caen asked if there was any preliminary data yet on the wells. Mr. Carlin stated the water levels are going up, but stated caution regarding all the factors involved. Data plots are available but there is no interpretation of the data. Detailed information is forthcoming including the geology of the Westside Basin.

President Caen asked what was the ideal depth of the lake. Mr. Carlin stated a goal between 24-26 feet was passed by resolution last year and is used as the

stated goal for planning. The environmental assessment process will determine if the goal is appropriate.

Ms. Martel advised the Commission that the SFPUC shares jurisdiction over Lake Merced with the Department of Recreation & Park (Rec & Park) and the Department of Public Works (DPW) and that effective coordination with those departments is needed for the long-term future of the lake. SFPUC has collaborated with Rec & Park on some activities and their director recognizes that the SFPUC has made significant strides this year. Partnering and coordinated activities between all three departments will continue the progress and avoid duplication of effort.

b) WIP Program Director Appointment

Ms. Martel stated Jacobs Engineering, Water Infrastructure Partners (WIP) joint venture partner, has provided candidates for the program director position. Candidates have been interviewed by Ms. Martel and Mr. Don Birrer, Acting Assistant General Manager for Infrastructure. A candidate has been identified, but due to timing could not be announced. Ms. Martel stated an interview will be scheduled with President Caen and Vice President Normandy to meet the candidate. Ms. Martel stated the candidate's qualifications include a background in program management, prior work with the CCSF, and work with the State in water and waste system improvements. The candidate's experience will be beneficial to the SFPUC.

8. Bay Area Water Users Association (BAWUA) General Manager's Report

a) Implementation of the Legislation—First Steps

Mr. Art Jensen, General Manager of BAWUA, remarked on the implementation of the three bills, stating the most significant was the financing authority, with its March 1 deadline to appoint a Board of Directors. Regarding the bills, BAWUA is maintaining a focus on the primary objective of public health and safety with its members and good stewardship of water conservation and reclamation. In addition, focus is directed on the objectives for the financing authority in terms of implementing the CIP and working with SFPUC as a new agency.

BAWUA started a program in October of monthly communications to the agencies, informing them of their action items and considerations for 2003. Timelines and sample resolutions are provided for the actions they must take. Visits will be made to ensure clarity. Fact sheets are being developed to answer questions about appointments and other actions. The process is going well and is expected to meet the timelines in the legislation. Mr. Jensen and Ms. Martel will have monthly meetings to strengthen the relationship and to move forward with the task of implementing the CIP.

9. Public Comments on matters not on today's agenda.

There were none.

President Caen took the meeting out of order and called for Item 11.

11. Discussion and possible action related to resolution for Mr. Robert G. Lee.

The Commission presented a Resolution to Mr. Robert G. Lee upon his departure from the Residential Users Appeals Board (RUAB). Vice President Normandy thanked Mr. Lee for his years of service to the RUAB. Mr. Nate Ratner, a member of RUAB, also spoke in praise of Mr. Lee. He asked the SFPUC to expedite the process for finding a replacement with an engineering background and thanked Vice President Normandy for saving the RUAB several years ago..

Mr. Lee thanked the Commission, the General Manager, the Customer Service Manager and staff for their efforts and stated he knew the RUAB is in good hands.

Moved by Vice President Normandy, seconded by President Caen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0258: Approve resolution honoring Mr. Robert G. Lee, Residential Users Appeals Board Chairman.

Commissioner Bhatt arrived at 10:35 A.M.

CONSENT CALENDAR

10. Moved by Vice President Normandy, seconded by Commissioner Costello, to adopt the items a-d listed under the Consent Calendar; passed (5-0) unanimously.

- a) Resolution No. 02-0259: Approve the plans and specifications for Contract No. WD-2391, Lane Street Pump Station Upgrade, and authorize the General Manager of Public Utilities to advertise for bids.
- b) Resolution No. 02-0260: Award Contract No. CW-332, 8th Avenue / Steiner Streets Sewer Replacement, in the amount of \$564,000 to K J Woods Construction, Inc.
- c) Resolution No. 02-0261: Accept work performed for Contract No. WD-2352, Stevenson, Jessie and Anthony Streets 8-Inch Ductile Iron Main Installation, approve Modification No. 1 (Final) decreasing the contract by \$73,870 for a final contract amount of \$532,783; and authorize

final payment of \$12,623 to J. Flores Construction Company, Inc.

- d) Resolution No. 02-0262: Accept work performed for Contract No. CW-268, 15th/Hancock/Walter Streets Sewer Replacement and Pavement Renovation, approve Modification No. 1 (Final) decreasing the contract by \$5,546.73 for a final contract amount of \$522,952.27; and authorize final payment of \$51,850.87 to Harty Pipelines, Inc.

REGULAR CALENDAR

12. Presentation of the Information Technology Strategic Plan developed for Fiscal Years 2003 through 2007.

Staff Recommendation: For discussion purposes only.

Mr. Bill Berry, Assistant General Manager of Business Services, presented a draft Information Technology Strategic Plan (ITSP). His presentation covered the past, details of the plan, and the future.

Work began on the ITSP in November 1999. At the time, a consultant was hired who assessed that, before moving forward with an ITSP, the SFPUC would need to hire more people to service the organization. The IT budget was increased by one-third (\$2 million) for FY 2002-2003. This allowed the SFPUC to hire 15 new positions which allowed progression with a long-range plan. An IT Advisory Committee was formed to provide SFPUC-wide coordination of IT projects and priorities. With the approval of the CIP, there will be more IT needs.

An ITSP has been put together that will cover four and a half years – the remainder of this fiscal year and the next four years. A customer service survey was conducted which showed how SFPUC staff viewed the IT area and how resources are used. Mr. Berry presented the following overview: (1) Work undertaken to develop ITSP, (2) Six major themes identified during IT assessment, (3) Conclusion of assessment, (4) Various alternatives for overall IT needs, (5) 5-year ITSP with six strategic initiatives, (6) Total 5-year budget estimate, (7) Three major projects, and (8) Next steps. An appendix was also provided to the Commission.

Commissioner Chen commented that the plan is comprehensive and well done. *He asked that Mr. Berry contact the City's Department of Technology and Information Services (DTIS) to coordinate our strategic plan with the City's Master Plan so we don't have redundant services.*

Mr. Berry replied that he sits on the City's Strategic Management Planning Group (SMPG - part of the Committee on Informational Technology – COIT) and has provided SMPG with a copy of our ITSP and has already entered into discussions with them.

Vice President Normandy stated that he was delighted that despite all the focus on the CIP, we did not neglect our operations. He thought what was presented is excellent and is the foundation for the reorganization plan which will be forthcoming from the General Manager. He is pleased with the focus on customer service, which points to the fact that we are not just a governmental agency, but also a service organization. He wanted to specifically make the point that we must never forget, in our drive to improve service, that we improve our contacts with the people with whom we serve. He wants to ensure that human contact is not sacrificed in the interests of efficiency and the latest technology.

Commissioner Bhatt commented that technology is advancing at a rapid rate, and rather than make purchases which would soon be obsolete, a cheaper alternative would be to lease what is needed. He suggested that Mr. Berry check with the DTIS and other experts. He felt this could save millions of dollars.

President Caen asked where the funding would come from. Mr. Berry stated that funding will have to come from revenue from the 3 enterprises and some of the projects that are more CIP related and could be allocated to the CIP costs. The budget would need to be increased to cover this.

President Caen referred to page 7 and asked Mr. Berry to comment on the figures between SFPUC and Phoenix. She pointed out their cost of water is much higher than our cost. They also have fewer employees and their ratio is much higher.

Mr. Berry stated he would need to do some further checking. He pointed out that each of the entities are not identical. Each organization has revenue numbers based on varying enterprises. He also pointed out that the SFPUC has an IT department with 67 staff. Phoenix does not have this and depends on the City of Phoenix to do their IT.

Ms. Martel commended Mr. Berry and his staff for producing this plan. As Vice President Normandy pointed out, this is an excellent example of the strategic planning we need to do on a variety of SFPUC operations. The model used here is ideal and would like to move forward in this new era of reform to better serve our customers.

Public Comment:

Ms. Spike Kahn, IFPTE 21, stated that they have reviewed the ITSP and is very impressed with the comprehensive, long-term nature of the plan. The union is pleased that the plan looks at the long-term rather than just putting out fires and

that consideration is being given to the CIP, improving customer service, and improving employee interaction. She disagreed with Commissioner Bhatt regarding leasing with outside contractors and felt strongly that everything City-wide should be in-house. She has been told that there will be many layoffs in the City affecting IT employees. It is her hope that the SFPUC can absorb some of these people.

13. Discussion and possible action related to Million Solar Roof Initiative.

Moved by Vice President Normandy, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0263: Authorize the General Manager of Public Utilities to submit for approval to the Board of Supervisors a resolution authorizing staff to accept and expend a \$50,000 grant from the U.S. Department of Energy's Million Solar Roof Initiative.

14. Discussion and possible action related to Clean Water Enterprise supplemental appropriation.

Moved by Commissioner Costello, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0264: Approve a supplemental appropriation in the amount of \$1,560,189 for the Clean Water Enterprise (CWE) to fund operations for the remainder of FY 2003. Funding for this supplemental appropriation will come from the Clean Water Enterprise's unappropriated fund balance.

15. Discussion and possible action related to Alternative E for Fifield/Cahill Ridge Trail.

Mr. Joe Naras, Watershed Resources Manager of the Water Supply & Treatment Division, presented Alternative E to the Commission. He explained that Alternative E allows scheduled hikes that are supervised by trail leaders that would lead groups of hikers, bicyclists or equestrians through the watershed. A maximum of 9 groups is proposed per week. There are restrictions related to access that protect resources and public safety. Increased patrols are proposed which would include watershed keepers to provide guidance and back-up for the volunteer group leaders.

Mr. Naras provided the detailed financial information the Commission asked for the last time this issue was raised. They include infrastructure improvements (road and ADA requirements, sanitary facilities, and fencing) and equipment. He asked for questions.

President Caen asked Mr. Naras to read off the items and costs. Mr. Naras replied: (1) infrastructure \$745,000; (2) staffing \$662,000; (3) professional services for the start up \$20,000; (4) equipment \$550,000; (5) training \$6,000; (6) annual budget includes ongoing maintenance \$28,000; (7) staffing \$297,000; (8) professional services \$70,000; (9) equipment \$600,000; and (10) training \$6,000.

Mr. Naras continued to explain some of the steps needed to implement this proposal: (1) Agreements would have to be made with regulatory agencies (e.g., Fish & Game and Fish & Wildlife Services); (2) There would have to be ongoing biological monitoring; (3) Hazardous tree work and fire management; (4) Completion of accessibility improvements; (4) Restroom, fencing, and boundary barriers installation; (5) Cemetery access agreement; (6) Trailhead improvements; (7) Implementation of volunteer program and training system; (8) Reservation system; and (9) Recruitment of staff and volunteers.

Mr. Naras concluded by asking the Commission for their consideration of the alternatives and adoption of the CEQA findings and the mitigation and monitoring report. He also thanked his staff, the Bay Area Ridge Trail Council (BARTC), the Audubon Society and other environmental groups, Supervisor Tom Ammiano's Office, San Mateo County, and the Golden Gate Recreation Authority.

Public Comments:

Ms. Holly Van Houten, Executive Director of BARTC, thanked the SFPUC for all the hard work and asked the Commission to adopt Alternative E. She stated that it represents a good compromise that provides public access as well as protect our resources. She said she has \$125,000 (through Proposition 12/2000 Park Bonds) to help with the implementation of Alternative E that would be available once it passed. She presented a letter to the Commission

Mr. Bill Long, Chair of the BARTC, urged the Commissioners to adopt Alternative E. He thanked staff and all Commissioners (past and present) for all the work that went into this proposal. He stated that BARTC has 27 Board members and many agency representatives who are committed to the project and will be helpful in any way they can. He also commended the SFPUC for taking this opportunity to educate the public on water issues and said he hoped that this would be an example to other agencies.

Ms. Terri Alvillar, resident of Fairfax, San Francisco property owner and customer, addressed the hidden costs of Alternative E. She suggested that the City cannot afford the cost and environmental impact that Alternative E will bring about. She stated that Alternative E will allow the mountain bikers a foot in the door for creating illegal trails and this problem is already out of control in areas such as the East Bay Regional Parks District. She further stated that the trailheads are difficult to find, take years to close and restore, and one such trail in Fairfax cost \$250,000 to restore. She stated ratepayers should not have to finance every high intensity

form of recreation which could compromise water quality. She brought photos of illegally-built mountain bike trails and also asked the Commission to support Alternative C or D if the Commission wanted to increase access.

Ms. Patty Ciesla, Mid-Peninsula Open Space Volunteer Docents Program, asked the Commission to support Alternative E. Because she is unable to hike, a mountain bike allows her to enjoy nature. She believes the claims about the proliferation of illegal trails are unfounded and that the safeguards put in place by Alternative E will protect the area.

Vice President Normandy stated that he was an opponent of opening up the Fifield/Cahill Trail and is thankful to Supervisor Ammiano and the BARTC for assisting in crafting a reasonable alternative to allow access to the area and not jeopardize water quality and the watershed. He emphasized the point that the SFPUC retains the right to pull, amend or postpone implementation if the Commission finds the costs are too high and security is breached.

Mr. Naras answered that watershed staff frequently have to address unauthorized access and use problems—at least once a day. These activities include poaching, hunting, fishing, mushroom picker, curiosity seeker, etc. SFPUC has good enforcement and will be increasing it. The San Mateo Sheriff's Office will be backing SFPUC up and docent leaders will be present on every hike. People will be escorted at all times for all modes of transportation. The limit is 25 people. SFPUC will retain the right to reduce or shut down usage should the need arise.

Ms. Cheryl Davis, Manager of Water Supply & Treatment Division, stated staff are very concerned about the environmental issues. A lot of thought went into the compromise. The Commission approved three additional watershed keepers in last years budget. These three employees will be able to provide additional patrols. Additional monitoring will be done regarding garbage, new trails, and anything else that indicates the system put in place isn't working. SFPUC are also working with a consultant to ensure that specific security issues are addressed.

Vice President Normandy stated he wanted to ensure that protections were in place. He is more concerned with people who break the rules than regular bicyclists, equestrians, and ADA-positive transportation. He urged the passage of this resolution, with a directive from the Commission to staff to pay particular attention to this area of concern. He asked that the Commission be notified immediately if any problems arise.

President Caen stated she wanted it on public record that she is concerned about (1) cost, (2) security and (3) the environment. The start-up costs are about \$2 million and the annual cost is about \$500,000. She would like the project to start small and asked what the minimum spent could be to open up the trail.

Mr. Naras replied that the plan is to start small. To begin, SFPUC will need to start recruiting docents and do fire management. The infrastructure improvements will take time, so these need to start early. Staff examined the earliest opportunity to provide access and thought they would be able to provide access to a limited number of groups in six to seven months. Gates and fences will have to be put in and docent training conducted.

Mr. Naras pointed out that about 300 people go through the watershed on permits right now. This permit system was in place prior to the adoption of the watershed management plans. Alternative E will increase the number of annual visits dramatically. These 300 people are not currently escorted and are on their own recognizance. The annual costs, after being held to a minimum, should be about \$400,000.

President Caen noted she is pleased that the number of people allowed will start small. She would like to see a screening system in place for visitors—the ratio of 25 hikers to one docent is unreasonable. She also mentioned again that the environment must be protected and not violated in any way.

Mr. Naras proposed that they provide the Commission with a report before the start of the actual program. This would assure the Commission of the safeguards in place. They will also report back on an annual basis the results of biological monitoring, the results of enforcement actions, and any other problems that arise.

Ms. Martel stressed that SFPUC will provide the Commission with a detailed annual report should Alternative E be approved today. Any concerns identified by staff will be brought to the Commission's attention and any concerns will be addressed.

Moved by Vice President Normandy, seconded by Commissioner Costello to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0265: Consider and adopt Alternative E for the proposed Fifield/Cahill Ridge Trail on the San Francisco Peninsula Watershed, including the required Findings and Mitigation Monitoring and Reporting Program with respect to the Final Environmental Impact Report (FEIR) for the Fifield/Cahill Ridge Trail Project.

Vice President Normandy left at 11:50 A.M.

PROFESSIONAL SERVICE CONTRACTS

Advertise

16. Discussion and possible action related to Agreement No. CS-713.

Ms. Patty Mallett, Utilities Engineering Bureau (UEB) Project Manager, stated three facilities for chloramine conversion are under construction. To become operational, startup plans, operations plans, business plans, etc., need to be developed. The proposal requires engineering firms to have past experience with water treatment facility design and operation, and specifically chloramine experience. SFPUC does not have in-house chloramine expertise as this is a new process for the agency.

Moved by Commissioner Costello, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 02-0266: Authorize the General Manager of Public Utilities to advertise and request proposals for Agreement No. CS-713, Chloramine Operations and Start-Up Plans, from professional engineering firms to provide engineering services, and to receive and accept bids.

17. Discussion and possible action related to Agreement No. CS-716.

Vice President Normandy returned at 11:55 A.M.

Ms. Mallett stated this item is for the conceptual engineering phase of the Calaveras Dam project. The scope of work involves evaluation, repair and replacement alternatives to the dam. Repair of the dam does not meet the primary objective as it would not withstand an earthquake. The Department of Safety of Dams (DSOD) indicated if SFPUC pursued the repair option, it would have to do extensive field work to convince DSOD it could produce a technically sound repair. A consultant team is being sought to provide a technical basis for rejecting the repair option.

The conceptual engineering is for the replacement options. The two options are replacement with the existing storage capacity and replacement with expanded storage to meet water supply demands and potentially for regional storage. The scope is broad.

The RFP includes a preliminary cost estimate of \$4 million. After the selection process, the scope will be finalized based on the information learned in the process and DSOD comments. The cost could increase. Included in the RFP is the ability to negotiate subsequent phases of the project for the selected consultant. DSOD recommended keeping the same consultant throughout the entire process.

Commissioner Costello inquired about the time element. Ms. Mallett stated at the last meeting she presented an overall schedule of 8 years. The conceptual engineering phase was determined at 18 months. The consultant would need to stay on through the environmental review phase so the contract duration was determined as 4 years to allow for the environmental review process that would occur subsequent to the conceptual engineering.

President Caen referred to the text of the item, in which the timing stated was 8-12 years. She asked what the plan was for the approximate 10 years, inquiring about 30% water levels. Ms. Mallett stated the scope included having the consultant assist with developing an operations plan. She referred to Ms. Davis to address the question.

Ms. Davis stated SFPUC wouldn't be able to store as much water as normal and that less storage in Calaveras will have to be taken into account. UEB is working to get some additional facilities construction to provide more flexibility in using the San Antonio Reservoir. Until the dam is built, there are going to be challenges in terms of water quality, water supply and operations. The question reflects the actual situation.

Ms. Martel stated the need for recognizing that the process on this multi-year capital program is a new one for SFPUC. A consultant with expertise will be able to analyze and identify areas in the project to optimize and expedite the schedule. The Calaveras Dam is one of the most significant programs in the CIP for which staff have capably proceeded, but for which a consultant will assist in charting new ground.

Moved by Commissioner Costello, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0267: Authorize the General Manager of Public Utilities to advertise and request proposals for professional services Agreement No. CS-716, Calaveras Dam Project Conceptual Engineering, and to receive and accept bids.

Award

President Caen pulled Item 18 from the calendar.

Public Comment:

Mr. Stephen St. Marie, Navigant Consulting, stated as the item was pulled from the agenda, he had no further comments.

18. Discussion and possible action related to Agreement Nos. CS-699A through CS-699I.

Staff Recommendation: Authorize the General Manager of Public Utilities to award, negotiate and execute Agreement Nos. CS-699A through CS-699I to Camp Dresser & McKee, Montgomery Watson Harza, OCC/WRE, URS, Kennedy Jenks, RMC, Tetra Tech and Malcolm Pirnie

to provide planning, development, analysis, and technical assistance services on an as-needed basis to assist and supplement the work of Water Supply and Treatment Division staff in various projects for a total budgeted amount not to exceed \$4,000,000 and a duration of three years.

Amend

19. Discussion and possible action related to contract with Pensety, LLC.

Moved by Commissioner Bhatt, seconded by Vice President Normandy to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0268: Authorize the General Manager of Public Utilities to execute the first amendment to the management consulting services contract between the City and County of San Francisco and Pensety, LLC for work on the consolidation and move of SFPUC offices to 1155 Market Street. The contract amendment will increase the contract amount by \$75,001, from \$49,999 to \$125,000

20. Discussion and possible action related to Agreement No. CS-524.

Counsel Vicki Clayton left at 12:04 P.M. and returned at 12:08 P.M.

Commissioner Chen left at 12:04 P.M. and returned at 12:09 P.M.

Ms. Martel stated the item is a status report on the Water Infrastructure Partners (WIP) Program Management Contract (PMC), the second-year results of the contract and the proposed third-year scope of work.

The second-year was a transition year with regard to the PMC. Bechtel withdrew from the joint venture and in June, the Commission approved the transition to WIP. WIP included original members Primus and Jacobs Engineering, with Jacobs taking responsibility for program direction, engineering services and consulting activities. The scope of work was revised and in September, a time extension was requested.

The second year was marked by working on the CIP and not knowing if it would pass during the November 5, 2002 election. With the passage of Proposition A, moving forward with the CIP and the PMC contract is a reality. The PMC services are needed to build the CIP team.

Since the last report to the Commission, the Long-Range CIP (LRCIP) has been updated. Analysis and refinements on the timelines and schedules of specific projects have been conducted, giving staff a better understanding about the scope of projects and how projects should be approached. The Long-Range Financial Plan (LRFP) has also been updated, refining the numbers so the annual funding required is more accurate.

SFPUC now needs to determine precisely when to move forward with activities and when to issue bonds. With BAWUA, SFPUC will also work with regional financing implementation to support the CIP.

SFPUC will continue to work on routine capital projects and provide staffing for this and for expanding staffing capability to implement the CIP. A comprehensive staffing plan is being developed. Staff have also identified critical activities for moving forward.

Ms. Karen Kubick, CIP Program Manager, explained staff reviewed the past plan of creating parallel organizations of the UEB and CIP and realized it created redundancies, inefficiencies, and left people behind. Ms. Kubick, Mr. Michael Quan (UEB Manager) and the WIP leadership devised a new formula to better utilize skills. A proposed change is to make the Acting General Manager of Infrastructure become Acting General Manager of Engineering and Construction and have four departments: Program Management, Project Planning, Engineering and Construction Management.

Ms. Kubick stated work has been done on staffing projections, with each project broken down to determine staffing and consultant needs. Meetings have been held with Mr. Quan, the unions and City departments to determine resources (e.g., Muni, DPW, and SFO).

Mr. Quan clarified that the Capital Program Staffing Chart presented represents resources required to implement the CIP. It compares R&R activities based on manpower projections to assume a \$80 million per year workload, 1997 Proposition A bond activities, remaining 1997 Proposition B projects and the work that was approved on November 5, 2002.

Ms. Martel stated significant strides had been made internally in the SFPUC relating to the CIP management team. Staffing needs have been determined and discussions with Human Resources (HR) staff have begun to ensure that when staff resources are needed, the positions can be filled quickly.

Ms. Martel outlined the results of the second year. Among the top priorities of the program management support services contract are: to provide staff development and training; develop control systems and tools to effectively manage the CIP; develop and publish the actual CIP documents—the Long Range Strategic Plan and the Long Range Financial Plan, perform CIP project

planning and alternative analysis evaluations, develop and implement engineering practices and procedures, codify the engineering practices and procedures that are used, and augmented staffing needs for the period of time before Proposition A passed. Transitioning the work has to be planned, potential cost savings identified, and means created for expediting the project schedule.

The accomplishments for the second year were: (1) updated the LRCIP, (2) performed SFPUC project planning, (3) performed staff training and organizational development, (4) created quality control/quality assurance program for integrated CIP, (5) created program control and accountability systems, and (6) met minority and women-owned business utilization goals. Fifteen short-term key performance measures were established for the second year.

Ms. Martel proceeded to the scope of work for the third year for Program Management Organization (PMO): (1) Oversight and Administration, (2) CIP Project Planning, (3) Cost Estimating and Reporting, (4) Staff Development/ Training, (5) Engineering, (6) Quality Assurance and Quality Control Planning, (7) Construction Management Plan, (8) Construction Management Plan, (9) Communication and Public Information and (10) Diversity Program Support.

The PM/CM scope for the third year is: (1) Alternative Analysis Evaluation and Conceptual Engineering for various projects, (2) Staff Augmentation, (3) Specialty Engineering, and (4) Project Controls and Cost Estimating for specific projects. Eight Short-Term and seven Long-Term Key Performance Measures for the third year were outlined.

Ms. Martel asked Mr. Jeet Bajwa to step forward and review the programmatic costs for the third year of the contract.

Mr. Surinderjeet Bajwa, Project Manager for PMC, stated that the program management total cost is about \$12 million this year, with 50% dedicated to the program management services and the other 50% to specific projects. The PMO constitutes \$6 million. The SFPUC/UEB costs are estimated at \$1 million.

Vice President Normandy left at 12:49 P.M. and returned at 12:52 P.M.

President Caen asked how much money was allocated for the 4-year program initially. Mr. Bajwa stated the total program was \$45 million for 4 years. The 48-52 criteria was broken per PMO versus Program Management/Construction Management (PM/CM) type of activities.

President Caen asked if the 13 was for the third year. Mr. Bajwa stated it is \$12 million. Last year there was a \$14 million spending authority. Prior to that,

it was \$8 million. This year, it is \$12 million and next year it will be approximately \$11 million.

President Caen asked if it would exceed the \$45 million. Mr. Bajwa stated it would not.

Commissioner Bhatt asked if the project would be finished in 4 years. Mr. Bajwa stated the contract life at this time is for 4 years at \$45 million. At the end of 2 years, the needs can be discussed. Projections are that the program will be implemented at the end of the 4th year, by mostly City staff.

Commissioner Bhatt asked if there was any remaining balance due to delays and changes in the management team. Mr. Bajwa stated the contract has two parts: PMO—overall program management services, and PM—specific work. PM work is usually exhausted at the end of the year. At the end of the second year, December 20, there will be no money. Activities such as engineering design and evaluating alternatives have other factors. To deal with those activities, deliverables and milestone dates are identified and funding is encumbered.

Commissioner Bhatt stated he was glad the MBE/WBE goals were exceeded and asked what plans are in place to insure that contracts awarded to MBE/WBE contractors are fulfilled. Mr. Bajwa explained that while SFPUC has exceeded the goals for MBE/WBE awards, changes in the PMC and scope of work delayed the start dates for subcontracts. He vowed to make it his coda that the goals which are set are properly met.

Commissioner Bhatt expressed his concern with WBE/MBE contracts and thanked Mr. Jeet for the excellent job of exceeding the goals.

Public Comments:

Ms. Spike Kahn, IFPTE – Local 21, stated she was asked to represent the union view: (1) the contract was supposed to be limited to program management only and it isn't; and (2) the contract was supposed to be revised. She stated the joint Local 21 and SFPUC Saturday meetings have not yet concluded that revision. She stated SFPUC needs a complete staffing plan to know what work needs to be contracted out. The majority of the work in the WIP contract can and should be done by City employees. She voiced concern about contracting out and lack of a plan for work to be performed by City employees. Local 21 has expressed its interest in working with SFPUC and that they support the project, but can't support the contract in its current state. She urged the Commission to not pass the resolution to allow time for addressing the issues raised.

Mr. Jensen commented it was a long-overdue move and excellent proposal to consolidate the engineering work under one manager. He urged moving forward with the CIP management, stating he'd like to see the projects begun and completed on schedule. He stated he would take the documents and review them to provide comments or concerns. He commented the communications work and outreach to the BAWUA members was essential, particularly in terms of the large amount of money and financing.

Mr. Emeric Kalman, City resident, stated his concern for cost controls and savings within SFPUC. He stated he agreed with the union representative in regard to spending millions with outside contractors. He stated the priority should be quality and quantity in-house technical expertise. He asked for presentation of the cost benefits for every dollar spent.

Moved by Vice President Normandy, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0269: Approve a supplemental appropriation request for the third year of Agreement No. CS-524, Program Management Services, with the Water Infrastructure Partners (WIP) to provide program management support services for the SFPUC Capital Improvement Program, for an amount not to exceed \$13 million, including funding of \$6 million for the Program Management Organization (PMO) and additional funding of \$1 million for the SFPUC staff to manage the contract, including insurance, equipment and audit cost; and authorize the General Manager of Public Utilities to submit this supplemental appropriation request to the Board of Supervisors with a recommendation to approve the requested budget appropriation to execute the work as planned.

Forward Agreement No. CS-524, Program Management Services, to the Board of Supervisors, with a recommendation to continue for the third year of contract and approve supplemental appropriation request.

CLOSED SESSION

21. Public comments on matters to be discussed in Closed Session.

There were none.

22. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Vice President Normandy, seconded by Commissioner Bhatt, to assert the attorney-client privilege; passed (5-0) unanimously.

The Commission took a recess at 12:55 P.M.

The meeting departed from Room #416 and reconvened in Room #400.

The Public Utilities Commission met in Closed Session at 1:10 P.M. to discuss the following matters:

Closed Session items were taken in the following order: 27, 29, 23, 24, 25, 26, 28.

27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein)

Present were President Caen, Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, Commission Secretary Mary Y. Jung, SFPUC Rate Administrator Bill Laws, and Deputy City Attorney Joshua Milstein.

Existing Litigation: Arbitration Demand filed by Bay Area Water Users' Association.

Moved by Commissioner Costello, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-271

29. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Present were President Caen, Vice President Normandy, Commissioner Bhatt, Commissioner Chen, Commissioner Costello, SFPUC General Manager Patricia E. Martel, Public Utilities Counsel Vicki Clayton, and Commission Secretary Mary Y. Jung.

Existing Litigation: Recommend a settlement in the case of Mohammed Sadiq v. City and County of San Francisco, Superior Court No. 320-395.

Moved by Vice President Normandy, seconded by Commissioner Costello to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 02-0270

23. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Turlock Irrigation District, San Francisco Superior Court No. 323717.

Item was continued to the next regular Commission meeting scheduled for January 14, 2003.

24. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Furman)

Existing Litigation: City and County of San Francisco v. Modesto Irrigation District, San Francisco Superior Court No. 323848.

Item was continued to the next regular Commission meeting scheduled for January 14, 2003.

25. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein/Lee)

Existing Litigation: California Trout v. CCSF, et al., Administrative Petition at the State Water Resources Control Board.

Item was continued to the next regular Commission meeting scheduled for January 14, 2003.

26. Threat to Public Services or Facilities (Government Code Section 54957): (Clayton)

Consultation with: Sheriff Michael Hennessey concerning security of SFPUC Water and Power Systems.

Item was continued to the next regular Commission meeting scheduled for January 14, 2003.

28. Conference with Legal Counsel – Threatened Litigation under Endangered Species Act in November 14, 2002 letter from the National Marine Fisheries Service to City Attorney Joshua Milstein concerning Pilarcitos Creek Steelhead Fishery – Pursuant to Government Code Section 54956.9(b) (3) (C), a copy of which is on file with the Commission. (Milstein)

Item was continued to the next regular Commission meeting scheduled for January 14, 2003.

Following the Closed Session, the Commission reconvened in open session at 1:21 P.M.

30. Announcement following Closed Session.

President Caen announced the actions taken during Closed Session.

31. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Vice President Normandy, seconded by Commissioner Bhatt, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

Thereupon, the meeting was adjourned: 1:22 P.M.

Mary Y. Jung
Secretary

